

## **Reckitt Benckiser Treasury Services plc**

Report and Financial Statements

Year Ended

31 December 2020

Company Number 05960843



## Reckitt Benckiser Treasury Services plc

### Company Information

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<b>Directors</b>	John Dixon Jeffrey Carr Timothy John Martel Thomas Richard Etienne Greene
<b>Company Secretary</b>	James Edward Hodges
<b>Registered Number</b>	05960843
<b>Registered Office</b>	103-105 Bath Road Slough Berkshire SL1 3UH
<b>Independent Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

## **Reckitt Benckiser Treasury Services plc**

### **Contents**

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	Page
<b>Strategic Report</b>	1 - 3
<b>Directors' Report</b>	4 - 6
<b>Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc</b>	7 - 12
<b>Profit and Loss Account and Other Comprehensive Income</b>	13
<b>Balance Sheet</b>	14
<b>Statement of Changes in Equity</b>	15
<b>Notes to the Financial Statements</b>	16 - 43

## Reckitt Benckiser Treasury Services plc

### Strategic Report For the Year Ended 31 December 2020

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The Directors of Reckitt Benckiser Treasury Services plc (the "Company") present their Strategic Report for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the Company is primarily to provide financing to the Group, including to act as a finance company for other Group companies. It also holds investments in other Group entities. The Company, which is a member of the Reckitt group of companies (the "Group"), carries out the strategy intended by the Company Directors.

#### **Business review**

##### *Review of the business*

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

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

The principal risks and uncertainties of the Company are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Reckitt Benckiser Group plc, which include those of the Company, are discussed on pages 80 to 92 of the Group's 2020 Annual Report and Financial Statements which do not form part of this report. In addition, those principal risks and uncertainties of the Group, that also represent those of the Company, are discussed in the financial instruments note 14 to these Financial Statements.

##### *Financial risk management*

The Company is a subsidiary undertaking within the Group. Cash funds of the Group are managed at Group level. Interest is received/paid by the Company on certain loans with other Group companies, on bonds, on commercial paper and term loans.

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

The Company's arrangements with the Group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through Group funding and external borrowings. Interest receivable/payable on loans with other Group companies, bonds, commercial paper and term loans are calculated at both fixed and floating rates of interest. The Group's liquidity requirements and interest rate risks are managed at a Group level.

##### *Currency risk*

The Company's functional currency is Sterling and its Financial Statements are also presented in Sterling. Some transactions undertaken by the Company are denominated in currencies other than Sterling. The Company's policy is to actively manage its exposure to currency risk and to minimise this risk. The Company purchases derivatives, including the use of forward contracts to manage its exposure to foreign currency debt, as part of its treasury management activities. As at 31 December 2020, the net derivative value was a liability of £41,200k (2019 - liability of £209,085k).

##### *Credit risk*

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

## Reckitt Benckiser Treasury Services plc

### Strategic Report (continued) For the Year Ended 31 December 2020

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#### COVID-19

An impact assessment of COVID-19 on the Group's going concern and Viability statement has been performed as set out on page 93 of the Group's 2020 Annual report and Financial Statements. Through this assessment, the Board believes that the Group is well-positioned to manage its principal risks successfully. The Board's belief is based on consideration of the historic resilience of Reckitt and has taken account of its current position and prospects, the actions taken to manage the Group's debt profile, risk appetite and the principal risks facing the business in unexpected and adverse circumstances. Based on this assessment updated to 26 April 2021, and given the nature of the Company's operations, the Directors remain satisfied that the Company's operations are unlikely to be materially impacted by COVID-19.

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

This statement, which forms part of the Strategic Report, is intended to show how the Directors have approached and met their responsibilities under s172 Companies Act 2006 during 2020. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

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

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

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

- The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. Details of the Group's long term strategy can be found on pages 10 to 55 of the Group's 2020 Annual Report, which is available at [www.reckitt.com](http://www.reckitt.com).
- We understand the importance of engaging with, and understanding the perspectives of, our workforce. Amidst the ongoing COVID-19 pandemic, ensuring continued wellbeing for employees, both physical and mental, has been a high priority. We also recognise the benefits of personal interaction and informal discussions in learning more about the day to day operations; the development and execution of strategy and gathering direct insight into our culture and workforce engagement. For further details on how the Company has engaged with employees, please see the section on employees in the Directors' Report on page 5.

## Reckitt Benckiser Treasury Services plc

### Strategic Report (continued) For the Year Ended 31 December 2020

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

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

We delegate authority for day to day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information on section 172 matters when making relevant decisions. In addition, during the year, the Board received training on, and considered, practices, policies and initiatives within the Reckitt group of companies which are considered to contribute towards behaviours and a culture which, in the pursuit of success for the benefit of our shareholders as a whole, are consistent with our goals in relation to stakeholders. During the year the decisions taken by the Company included the approval of the audited Financial Statements for the year ended 31 December 2019, entry into and management of loan arrangements with financial institutions and with other members of the Group and a bond issuance. In making our decisions we considered a range of factors. These included the long term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of the Group.

As the principal activity of the Company is to provide loan facilities to fellow subsidiary undertakings, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Directors.

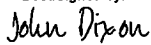
#### Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2020 show a profit of £433,970k (2019 - profit of £134,190k). The profit for the year has been added to reserves (2019 - added to reserves). As at 31 December 2020 the Company has net assets of £5,532,797k (2019 - £5,103,517k).

#### Future developments

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

This report was approved by the Board on 26 April 2021 and signed on its behalf by.

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**John Dixon**  
Director

## Reckitt Benckiser Treasury Services plc

### Directors' Report to the members of Reckitt Benckiser Treasury Services plc For the Year Ended 31 December 2020

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The Directors present their report and the audited Financial Statements for the year ended 31 December 2020.

#### Directors

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

Adrian Nevil Hennah (resigned 9 April 2020)  
John Dixon  
Simon Andrew Neville (resigned 1 July 2020)  
Jonathan Timmis (resigned 8 June 2020)  
Jeffrey Carr (appointed 9 April 2020)  
Timothy John Martel (appointed 8 June 2020)  
Gareth Williams (appointed 16 December 2020 and resigned 15 April 2021)  
James Edward Hodges (appointed 16 December 2020 and resigned 15 April 2021)  
Alasdair James Peach (appointed 20 July 2020 and resigned 16 December 2020)  
Thomas Richard Etienne Greene (appointed 15 April 2021)

#### Directors' indemnity

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

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

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

## **Reckitt Benckiser Treasury Services plc**

### **Directors' Report to the members of Reckitt Benckiser Treasury Services plc (continued) For the Year Ended 31 December 2020**

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#### **Responsibility Statement of the Directors in respect of the annual financial report**

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report/Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

#### **Employees**

The Company is committed to the principle of equal opportunity in employment. No applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion, race, ethnicity or disability. The Company recognises its responsibilities to disabled persons and endeavours to assist them to make their full contribution at work. Where employees become disabled, every practical effort is made to allow them to continue in their jobs and to arrange appropriate training. It is essential to the continued improvement in efficiency and productivity throughout the Group that each employee understands the Group's strategies, policies and procedures. Open and regular communication with employees at all levels is an essential part of the management process. A continuing programme of training and development reinforces the Group's commitment to employee development.

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

The Company's results for the year and movements on reserves are included in the Strategic Report on page 3.

#### **Other information**

Disclosures in respect of financial instruments are made in note 14.

Disclosures made in respect of post balance sheet events are made in note 22.

#### **Corporate Governance Considerations**

##### **Disclosures required under the Disclosure and Transparency Rules ("DTR")**

##### **Statutory Reporting**

The monitoring of the financial reporting and statutory audit of the Group, which includes the Company, is discussed on pages 119 to 127 of the Reckitt Benckiser Group plc Annual Report 2020.

##### **Other required disclosures**

For the 12 months ended 31 December 2020, the Company did not have any securities carrying voting rights admitted to trading on a regulated market and therefore disclosures required by paragraph 13 for Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) are not applicable.

##### **Financial risk management**

The Company's approach to managing financial risk is included in the Strategic Report on page 1.



## Reckitt Benckiser Treasury Services plc

### Directors' Report to the members of Reckitt Benckiser Treasury Services plc (continued) For the Year Ended 31 December 2020

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#### Going concern

The primary risk surrounding this Company is in relation to its ability to repay external debt arrangements, as stated in note 14. Of its external debt, £848,751k is due within 12 months from the Balance Sheet date. The Company seeks to meet these payments either by using cash generated by Group companies, by using intercompany receivables due from other Group companies or through the issuance of additional debt as required.

The Directors have performed an assessment of the ability to recover intercompany receivables and the parental support of Reckitt Benckiser Group plc to such counterparties, as is necessary if this liability is called up for repayment. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

In addition, the Directors have considered that the company has access to committed borrowing facilities of £5.5bn as at 31 December 2020, and these facilities were undrawn as at period-end and at the date of approval of these Financial Statements. Of the committed borrowing facilities £1bn each expire in May and July 2022 and the remaining £3.5bn expire in September 2025.

Considering this and the impact of key risks, including the impact of COVID-19 on going concern, the Directors deemed that there were no material uncertainties surrounding going concern. On that basis, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

#### Independent auditors

The Company has adopted Articles which are compliant with provisions of the Companies Act 2006 and is therefore not required to hold annual general meetings to lay Financial Statements before the shareholders nor to reappoint the auditors annually.

#### Political contributions

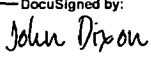
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

#### Disclosure of information to auditor

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

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

This report was approved by the Board on 26 April 2021 and signed on its behalf.

DocuSigned by:  
  
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**John Dixon**  
Director

## **Reckitt Benckiser Treasury Services plc**

### **Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc**

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#### **1 Our opinion is unmodified**

We have audited the Financial Statements of Reckitt Benckiser Treasury Services plc ("the Company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We were first appointed as auditor by the Directors on 17 May 2019. The period of total uninterrupted engagement is for the three financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

#### **2 Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2019), in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the Financial Statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

## Reckitt Benckiser Treasury Services plc

### Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc (continued)

	The risk	Our response
<b>Recoverability of amounts owed by Group undertakings</b> £48,292,742,000 (2019: £44,954,829,000) Refer to note 1 (accounting policy) and note 9 (financial disclosures)	<b>Reliance on support</b> The carrying amount of the amounts owed by Group undertakings is significant and at risk of irrecoverability due to the net current liabilities of certain entities that the Company lends to. The Company is reliant on support provided by their ultimate parent to the relevant Group undertaking in assessing recoverability of the balance.	Our procedures included: — <b>Funding assessment:</b> Challenging the financial capacity of the ultimate parent and the Group it heads, including inspection of the Group's latest available audited accounts; considering the possible impacts of COVID-19 and the ability of the ultimate parent to provide financial support. — <b>Evaluating intent:</b> Challenging the Directors' assessment of the intention of the ultimate parent to provide such financial support by considering the Group's history of providing support and the commercial advantages and disadvantages to the ultimate parent of providing such support. — <b>Assessing transparency:</b> Assessing the adequacy of the Company's disclosures in respect of amounts owed by Group undertakings.  We performed the tests above rather than seeking to rely on any of the Company's controls because detailed testing is inherently the most effective means of obtaining audit evidence in this area.  <b>Our results:</b> We found the Company's assessment of the recoverability of the amounts owed by Group undertakings to be acceptable.

### 3 Our application of materiality and an overview of the scope of our audit

Materiality for the Financial Statements as a whole was set at £487m (2019: £486m), determined with reference to a benchmark of total assets of which it represents 1.0% (2019: 1.0%). We consider total assets to be the most appropriate benchmark given the Company's primary activity is the financing of other Group companies.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the Financial Statements as a whole.

Performance materiality was set at 75% (2019: 75%) of materiality for the Financial Statements as a whole, which equates to £365m (2019: £364.5m) for the Company.

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £24m (2019: £23.7m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

#### Scope

Our audit of the company was undertaken to the materiality level specified above and was all performed at the company's head office in United Kingdom.

## **Reckitt Benckiser Treasury Services plc**

### **Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc (continued)**

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#### **4 Going concern**

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

We used our knowledge of Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and the Company's available financial resources over this period were:

- In relation to the COVID-19 pandemic, disruption at a number of the Group's key production facilities, the viability of key suppliers and customers, and the impact on consumer demand for the Group's brands;
- A significant product safety issue leading to reputational damage with customers, consumers or regulators; and
- The impact of a significant business continuity issue, outside of those risks presented by the COVID-19 pandemic, affecting the Group's manufacturing facilities or those of its suppliers.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the Financial Statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

#### **5 Fraud and breaches of laws and regulations – ability to detect Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of Directors and the inspection of the minutes of the meetings of the Board. Inspection of Company's policies and procedures to prevent and detect fraud, as well as whether the Directors have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## **Reckitt Benckiser Treasury Services plc**

### **Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc (continued)**

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As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Company management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because this is not a trading entity. We did not identify any additional fraud risks.

*We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management.*

#### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and inspection of the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

The Company is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation (direct and indirect). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the Financial Statements.

#### **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **6 We have nothing to report on the other information in the Report and Financial Statements**

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

## Reckitt Benckiser Treasury Services plc

### Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc (continued)

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

Based solely on our work on the other information:

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

#### **7 We have nothing to report on the other matters on which we are required to report by exception**

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

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

We have nothing to report in these respects

#### **8 Respective responsibilities**

##### ***Directors' responsibilities***

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

## Reckitt Benckiser Treasury Services plc

### Independent Auditor's Report to the Members of Reckitt Benckiser Treasury Services plc (continued)

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

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



**Richard Broadbelt (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

26 April 2021

## Reckitt Benckiser Treasury Services plc

### Profit and Loss Account and Other Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Administrative expenses	3	(2,187)	(1,402)
Net Income from shares in Group undertakings	3	329,463	-
<b>Operating profit/(loss)</b>		<u>327,276</u>	<u>(1,402)</u>
Interest receivable and similar income	5	512,816	724,820
Interest payable and similar charges	6	(383,094)	(560,913)
<b>Profit before tax</b>		<u>456,998</u>	<u>162,505</u>
Tax on profit	7	(23,028)	(28,315)
<b>Profit for the financial year</b>		<u>433,970</u>	<u>134,190</u>
<b>Other comprehensive loss</b>			
Loss on cash flow hedges (net of tax)		(4,690)	(1,396)
<b>Total comprehensive income</b>		<u>429,280</u>	<u>132,794</u>

The notes on pages 16 to 43 form part of these Financial Statements.

All amounts in the current and prior year relate to continuing operations.

All amounts included in other comprehensive income may be reclassified to profit or loss in subsequent years.



**Reckitt Benckiser Treasury Services plc**  
Registered number:05960843

**Balance Sheet**  
**As at 31 December 2020**

	Note	2020 £000	2019 £000
<b>Fixed Assets</b>			
Investments	8	88	3,610,237
<b>Current Assets</b>			
Debtors due after more than one year	9,14	337,104	520,604
Debtors due within one year	9,14	48,031,562	44,485,556
Current asset investments	10,14	336,418	23,700
Cash at bank and in hand	11,14	8,618	16,262
		<u>48,713,702</u>	<u>45,046,122</u>
Creditors due within one year	12,14	(36,376,650)	(36,525,861)
<b>Net Current Assets</b>		<u>12,337,052</u>	<u>8,520,261</u>
<b>Total Assets less Current Liabilities</b>		<u>12,337,140</u>	<u>12,130,498</u>
Creditors due after more than one year	13,14	(6,804,343)	(7,026,981)
<b>Net Assets</b>		<u><u>5,532,797</u></u>	<u><u>5,103,517</u></u>
<b>Equity</b>			
Share capital	16	2,000	2,000
Share premium account		3,975,335	3,975,335
Other reserves		(5,189)	(499)
Retained earnings		1,560,651	1,126,681
<b>Total Equity</b>		<u><u>5,532,797</u></u>	<u><u>5,103,517</u></u>

The notes on pages 16 to 43 form part of these Financial Statements.

The Financial Statements on pages 13 to 43 were approved and authorised for issue by the Board and were signed on its behalf on 26 April 2021.

DocuSigned by:  
  
 A83C408A62AA423...  
**John Dixon**  
 Director

## Reckitt Benckiser Treasury Services plc

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2020	2,000	3,975,335	(499)	1,126,681	5,103,517
<b>Comprehensive income</b>					
Profit for the financial year	-	-	-	433,970	433,970
Other comprehensive income	-	-	(4,690)	-	(4,690)
<b>Total comprehensive income</b>	-	-	(4,690)	433,970	429,280
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance at 31 December 2020</b>	2,000	3,975,335	(5,189)	1,560,651	5,532,797

Included in other reserves are movements on cash flow hedges, net of tax.

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

	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2019	2,000	3,975,335	897	992,491	4,970,723
<b>Comprehensive income</b>					
Profit for the financial year	-	-	-	134,190	134,190
Other comprehensive income	-	-	(1,396)	-	(1,396)
<b>Total comprehensive income</b>	-	-	(1,396)	134,190	132,794
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance at 31 December 2019</b>	2,000	3,975,335	(499)	1,126,681	5,103,517

The notes on pages 16 to 43 form part of these Financial Statements.

Included in other reserves are movements on cash flow hedges, net of tax.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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#### 1. Accounting Policies

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

##### 1.1 General Information

Reckitt Benckiser Treasury Services plc is a public limited company, limited by shares and is incorporated in England and Wales. The address of the registered office is given on the Company Information page at the beginning of these Financial Statements.

##### 1.2 Statement of Compliance

The Financial Statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 101, Reduced Disclosure Framework and the Companies Act 2006.

##### 1.3 Basis of Preparation

The preparation of Financial Statements in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

##### 1.4 Going concern

The primary risk surrounding this Company is in relation to its ability to repay external debt arrangements, as stated in note 14. Of its external debt, £848,751k is due within 12 months from the Balance Sheet date. The Company seeks to meet these payments either by using cash generated by Group companies, by using intercompany receivables due from other Group companies or through the issuance of additional debt as required.

The Directors have performed an assessment of the ability to recover intercompany receivables and the parental support of Reckitt Benckiser Group plc to such counterparties, as is necessary if this liability is called up for repayment. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

In addition, the Directors have considered that the company has access to committed borrowing facilities of £5.5bn as at 31 December 2020, and these facilities were undrawn as at period-end and at the date of approval of these Financial Statements. Of the committed borrowing facilities £1bn each expire in May and July 2022 and the remaining £3.5bn expire in September 2025.

Considering this and the impact of key risks, including the impact of COVID-19 on going concern, the Directors deemed that there were no material uncertainties surrounding going concern. On that basis, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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#### 1. Accounting Policies (continued)

##### 1.5 Changes in accounting policy and disclosure

There are no new standards, amendments or interpretations from 1 January 2020, which have been adopted for the first time and have a significant impact on the accounting policies applied in preparing the Company's Financial Statements.

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

The following amended standards and interpretations are not expected to have a significant impact on the Company's 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).

##### 1.6 Financial Reporting Standard 101 – Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 101 for qualifying entities:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements in IAS 24 Related Party Disclosures not to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The following paragraphs of IAS 1, 'Presentation of Financial Statements':
  - 10(d), (Statement of Cash Flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated Financial Statements of the Group in which the entity is consolidated.

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

##### 1.7 Consolidation

The Financial Statements contain information about Reckitt Benckiser Treasury Services plc as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements as it and its subsidiary undertakings are included in the consolidated Financial Statements of its ultimate parent company, Reckitt Benckiser Group plc, a company registered in England and Wales.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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#### 1. Accounting Policies (continued)

##### 1.8 Foreign Currency

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

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

##### 1.9 Pension Commitments

The Company contributes to a defined contribution scheme on behalf of its employees. Payments to the scheme are recognised as an employee benefit expense in the year they are incurred.

##### 1.10 Interest

Interest receivable is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably using the effective interest method. Interest receivable is credited to the Profit and Loss Account and Other Comprehensive Income on recognition. Interest payable is recognised when it is probable that the economic benefits will flow from the Company and the amount of expense can be measured reliably using the effective interest method. Interest payable is debited to the Profit and Loss Account and Other Comprehensive Income on recognition.

##### 1.11 Dividend Income

Income from shares in Group undertakings represents dividends in the form of cash, intercompany receivables or shares in other Group undertakings, received from subsidiaries. These dividends are either recorded in the Profit and Loss Account and Other Comprehensive Income or the Statement of Other Comprehensive Income ("the OCI").

In determining where to record the dividends received, the Company applies the guidance under FRS101 and the Companies Act. This guidance considers whether the consideration received meets the definition of qualifying consideration, which takes into account the commercial effect of the transaction, to be able to recognise the consideration in the Profit and Loss Account and Other Comprehensive Income.

Dividend income received from subsidiaries which does not meet the criteria of qualifying consideration has been recognised in the Statement of Other Comprehensive Income. Where impairments are triggered as a direct result of the distribution, the impairment has been recorded in accordance with the net credit method. This means that the portion of the dividend received is credited directly against the carrying amount of the investment and not disclosed in the OCI, and subsequently the Statement of Changes in Equity.

If the amount of the impairment is less than the dividend received, the difference is recorded in the OCI.

Similarly, the dividends received that meet the definition of qualifying consideration are disclosed in the Profit and Loss Account and Other Comprehensive Income net of the impairment charge relating to the subsidiary from which the dividend was received.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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#### 1. Accounting Policies (continued)

##### 1.12 Fixed Asset Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

A review for the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable.

##### 1.13 Current Asset Investments

Current asset investments are included at amortised cost and include deposits and money market funds with a maturity of less than three months.

##### 1.14 Financial Instruments

Reckitt Benckiser Treasury Services plc may use derivatives to manage its exposure to fluctuating foreign exchange rates. The derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value. Except for certain derivatives designated as cash flow hedges, all changes in fair value of derivative instruments are recognised immediately in profit or loss. The Company designates certain derivative financial instruments as cash flow hedges. The effective portion of changes in the fair value is initially recorded in OCI. Amounts recorded in other comprehensive income are recycled to profit or loss in the period in which the hedged item will affect profit or loss. Any gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments are explained below.

###### (a) Financial Assets

The Company recognises amounts owed by Group undertakings at amortised cost. The Company also recognises its derivative assets either as cash flow hedges or at fair value through profit or loss.

Amounts owed by Group undertakings are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of intra-Group funding. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company applies the 'expected credit loss' (ECL) model under IFRS 9. The model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through OCI, but not to investments in equity instruments. Measurement of ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

###### (b) Financial Liabilities

The Company classifies its financial liabilities in the following categories: as financial liabilities at amortised cost or derivatives at fair value either as cash flow hedges or through profit or loss.

Financial liabilities at amortised cost include: bank borrowings, intercompany loans, bonds and commercial paper. These are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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#### 1. Accounting Policies (continued)

##### 1.14 Financial Instruments (continued)

(c) Cash and cash equivalents  
Cash and cash equivalents comprise cash balances.

##### 1.15 Cash at bank and in hand

Cash at bank and in hand comprise cash balances.

Bank overdrafts are included within creditors due within one year in the Balance Sheet.

##### 1.16 Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in profit for the financial year, except to the extent that it relates to items recognised in OCI or directly in equity. In this case the tax is also recognised in OCI or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted in the UK or substantively enacted, 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 Financial Statements. The deferred tax is not accounted for if it arises from the total 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 by 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 temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities 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 balances on a net basis.

##### 1.17 Operating segments

The Company has one operating segment which is the provision of treasury services to the Group.

## **Reckitt Benckiser Treasury Services plc**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

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#### **2. Accounting Estimates and Judgements**

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

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

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

- Determine whether loans are at a market rate of interest at inception in order to consider whether a day one fair value adjustment is required.
- Determine whether there are indicators of impairment of the Company's fixed asset investments. Factors considered are net assets for financing companies.
- Determine the extent of expected credit losses related to intercompany assets. Factors considered are if Group has provided support for the intercompany receivable.

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



## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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

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

	2020 £000	2019 £000
Net income from shares in Group undertakings	329,463	-
Administrative expenses	(2,187)	(1,402)
	<u>327,276</u>	<u>(1,402)</u>

On 3 December 2020, the Company received a dividend from Reckitt Benckiser Jersey (No.2) Limited comprising a release of its obligations under a loan agreement of an amount of £227,824k. As a consequence of the distribution the Company impaired its investment in Reckitt Benckiser Jersey (No.2) Limited by £227,824k.

On 16 December 2020, the Company received a dividend from Reckitt Benckiser Jersey (No.1) Limited comprising a release of its obligations under a loan agreement of an amount of £1,377,477k. As a consequence of the distribution the Company impaired its investment in Reckitt Benckiser Jersey (No.1) Limited by £1,255,210k.

On 16 December 2020, the Company received a dividend from Reckitt Benckiser Jersey (No.2) Limited comprising a release of its obligations under a loan agreement of an amount of £2,334,398k. As a consequence of the distribution the Company impaired its investment in Reckitt Benckiser Jersey (No.2) Limited by £2,127,202k.

These transactions have been netted off against each other in the Profit and Loss Account and Other Comprehensive Income as they are inherently linked. The net impact of the above transactions is £329,463k.

#### 4. Staff costs

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	1,400	780
Social security costs	138	81
Defined contribution pension costs	71	57
	<u>1,609</u>	<u>918</u>

The average monthly number of employees during the year was as follows:

	2020 No.	2019 No.
Administration and support	<u>10</u>	<u>9</u>

# Reckitt Benckiser Treasury Services plc

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 5. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from Group undertakings	470,713	658,042
Bank interest receivable	42,103	56,091
Other interest receivable	-	10,687
	<u>512,816</u>	<u>724,820</u>

### 6. Interest payable and similar charges

	2020 £000	2019 £000
Interest payable on third party borrowings	236,562	258,906
Interest payable to Group undertakings	129,229	275,324
Net exchange losses	8,413	26,683
Other interest payable	8,890	-
	<u>383,094</u>	<u>560,913</u>

### 7. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profit for the financial year	20,881	25,895
Adjustments in respect of previous periods	657	98
<b>Foreign tax</b>		
Foreign tax relief/other relief	(806)	(894)
Foreign withholding tax charge	2,296	3,216
<b>Total current tax</b>	<u>23,028</u>	<u>28,315</u>
<b>Deferred tax</b>		
Adjustment in respect of previous periods	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Tax on profit</b>	<u>23,028</u>	<u>28,315</u>

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 7. Taxation (continued)

##### Reconciliation of tax charge

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	456,998	162,505
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	86,830	30,876
<b>Effects of:</b>		
Expenses not deductible	685,951	-
Adjustments in respect of previous periods	657	98
Transfer pricing adjustments	(3,356)	(4,981)
Higher rate taxes on overseas earnings	1,490	2,322
Income not taxable	(748,544)	-
<b>Total tax charge for the year</b>	<b>23,028</b>	<b>28,315</b>

##### Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the Balance Sheet have been measured at 19% (2019 - 17%) which represents the future corporation tax rate that was enacted at the Balance Sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the Balance Sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 8. Fixed Asset Investments

	<b>Investments in subsidiary undertakings £000</b>
<b>Cost</b>	
At 1 January 2020	3,610,237
Additions	87
At 31 December 2020	<u>3,610,324</u>
<b>Impairment</b>	
At 1 January 2020	-
Charge for the year	3,610,236
At 31 December 2020	<u>3,610,236</u>
<b>Net book value</b>	
At 31 December 2020	<u>88</u>
At 31 December 2019	<u>3,610,237</u>

On 3 December 2020, the Company received a dividend from Reckitt Benckiser Jersey (No.2) Limited comprising a release of its obligations under a loan agreement of an amount of £227,824k. As a consequence of the distribution the Company impaired its investment in Reckitt Benckiser Jersey (No.2) Limited by £227,824k.

On 16 December 2020, the Company received a dividend from Reckitt Benckiser Jersey (No.1) Limited comprising a release of its obligations under a loan agreement of an amount of £1,377,477k. As a consequence of the distribution the Company impaired its investment in Reckitt Benckiser Jersey (No.1) Limited by £1,255,210k.

On 16 December 2020, the Company received a dividend from Reckitt Benckiser Jersey (No.2) Limited comprising a release of its obligations under a loan agreement of an amount of £2,334,398k. As a consequence of the distribution the Company impaired its investment in Reckitt Benckiser Jersey (No.2) Limited by £2,127,202k.

On 20 April 2020, the Company acquired the entire issued share capital of Reckitt Benckiser Treasury Services (Nederland) B.V. for a total consideration of €100k (£87k).

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 8. Fixed Asset Investments (continued)

##### Subsidiaries

The following are direct subsidiaries of the Company:

Name	Class of shares	Holding	Registered office
Reckitt Benckiser Jersey (No.1) Limited	Ordinary	100%	IFC 5, St Helier, Jersey, JE1 1ST
Reckitt Benckiser Jersey (No.2) Limited	Ordinary	100%	IFC 5, St Helier, Jersey, JE1 1ST
Reckitt Benckiser Treasury Services (Nederland) B.V.	Ordinary	100%	Schiphol Boulevard 267, Schiphol, 1118BH

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

#### 9. Debtors

	2020 £000	2019 £000
<b>Due after more than one year</b>		
Amounts owed by Group undertakings	321,826	520,604
Derivative financial instruments - External	15,278	-
	337,104	520,604

# Reckitt Benckiser Treasury Services plc

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 9. Debtors (continued)

	2020 £000	2019 £000
<b>Due within one year</b>		
Amounts owed by Group undertakings	47,970,916	44,434,225
Prepayments and accrued income	841	1,671
Derivative financial instruments - Intragroup	31,872	25,818
Derivative financial instruments - External	25,804	23,740
Withholding tax asset	912	-
Deferred tax asset	1,217	102
	<u>48,031,562</u>	<u>44,485,556</u>

The amounts owed by Group undertakings are repayable on demand, unsecured and are either interest free, interest-bearing at a fixed rate, interest-bearing at LIBOR minus or plus a margin of various rates or interest-bearing at other floating based rates (2019 - same). Further detail on the rates of interest receivable on amounts owed by Group undertakings is provided in note 14 to these Financial Statements.

The intragroup derivative financial instruments represent intragroup forward contracts which are fair valued through profit and loss.

The external derivative financial instruments represent the forward contracts with third parties outside of the Group which are fair valued, either through profit or loss or designated as cash flow hedges.

The fair value of derivatives has been estimated by using forward exchange rates derived from market sourced data at the Balance Sheet date, with the resulting value discounted back to present value.

Further disclosures about the deferred tax asset is included in note 15.

### 10. Current Asset Investments

	2020 £000	2019 £000
Short term deposits	<u>336,418</u>	<u>23,700</u>

Short term deposits relate to deposits and money market funds with a maturity of less than three months. Short term deposits are at a floating rate.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 11. Cash at bank and in hand

	2020	2019
	£000	£000
Cash at bank	8,618	16,262

#### 12. Creditors due within one year

	2020	2019
	£000	£000
Bank loans and overdrafts	1,738	649
Derivative financial instruments - Intragroup	20,100	125,843
Commercial paper issued by the Company	671,295	2,992,748
Amounts owed to Group undertakings	35,581,974	33,251,021
Derivative financial instruments - External	94,054	132,800
Accruals	7,489	22,800
	<u>36,376,650</u>	<u>36,525,861</u>

The amounts owed to Group undertakings are repayable on demand, unsecured and are either interest free, interest bearing at a fixed rate, interest bearing at LIBOR minus or plus a margin of various rates or interest bearing at other floating based rates (2019 - same). Further detail on the rates of interest payable on amounts owed to Group undertakings is provided in note 14 to these Financial Statements.

Included in the amounts owed to Group undertakings are Eurobonds, quoted on the Channel Islands Stock Exchange, of £40,234k (2019 - £41,488k) issued to subsidiary undertakings that have an early redemption option attached to them. The carrying value of each bond is a reasonable approximation of fair value. They are interest bearing at a rate of 3M LIBOR plus 0.3% (2019 - same).

The Commercial Paper issued by the Company represents unsecured short-term debt instruments, taken out against short term funding. As at 31 December 2020 the Company had Commercial Paper in issue amounting to €750,000k (nominal values) at rates between negative 0.14% and negative 0.31% with maturities ranging from 5 January 2021 to 23 June 2021. As at 31 December 2019 the Company had Commercial Paper in issue amounting to US\$2,028,250k (nominal values) at rates between 1.8% and 2.78% with maturities ranging from 2 January 2020 to 31 July 2020, and €1,750,000k (nominal values) at rates between negative 0.15% and negative 0.35% with maturities ranging from 23 January 2020 to 12 August 2020.

The intragroup derivative financial instruments represent intragroup forward contracts which are fair valued through profit and loss.

The external derivative financial instruments represent the forward contracts with third parties outside of the Group which are fair valued, either through profit and loss or designated as cash flow hedges.

The fair value of derivatives has been estimated by using forward exchange rates derived from market sourced data at the Balance Sheet date, with the resulting value discounted back to present value.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 13. Creditors due after more than one year

	2020 £000	2019 £000
Bonds	6,513,369	6,201,007
Term loans	290,974	825,974
	<u>6,804,343</u>	<u>7,026,981</u>

#### 14. Financial Instruments

##### Financial instruments by category:

At 31 December 2020

	Amortised cost £000	Fair value through OCI £000	Derivatives used for hedging £000	Carrying value total £000	Fair value total £000
<b>Assets as per the balance sheet</b>					
Cash at bank and in hand	8,618	-	-	8,618	8,618
Current asset investments	336,418	-	-	336,418	336,418
External derivative financial instruments - short term	-	2,950	22,854	25,804	25,804
External derivative financial instruments - long term	-	-	15,278	15,278	15,278
Internal derivative financial instruments - short term	-	32	31,840	31,872	31,872
Intercompany financing loans – short term (4)(5)	47,970,916	-	-	47,970,916	47,970,916
Intercompany financing loans – long term (4)(5)	321,826	-	-	321,826	321,826
Intercompany trade receivable	-	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>



## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

##### At 31 December 2020

	Amortised cost £000	Fair value through OCI £000	Derivatives used for hedging £000	Carrying value total £000	Fair value total £000
<b>Liabilities as per the balance sheet</b>					
Borrowings (excluding bonds) (1)	673,033	-	-	673,033	673,033
Bonds (2)	6,513,369	-	-	6,513,369	6,973,277
Term loans (3)	290,974	-	-	290,974	290,974
External derivative financial instruments - short term	-	60,937	33,117	94,054	94,054
Internal derivative financial instruments - short term	-	728	19,372	20,100	20,100
Intercompany financing loans – short term (4)(5)	35,533,137	-	-	35,533,137	35,533,137
Intercompany trade payables	48,837	-	-	48,837	48,837
Accruals and deferred income	7,489	-	-	7,489	7,489

##### At 31 December 2019

	Amortised cost £000	Fair value through OCI £000	Derivatives used for hedging £000	Carrying value total £000	Fair value total £000
<b>Assets as per the balance sheet</b>					
Cash at bank and in hand	16,262	-	-	16,262	16,262
Current asset investments	23,700	-	-	23,700	23,700
External derivative financial instruments - short term	-	4,075	19,665	23,740	23,740
Internal derivative financial instruments - short term	-	25,818	-	25,818	25,818
Intercompany financing loans – short term (4)(5)	44,434,127	-	-	44,434,127	44,434,127
Intercompany financing loans – long term (4)(5)	520,604	-	-	520,604	520,604
Intercompany trade receivable	98	-	-	98	98

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

##### At 31 December 2019

	Amortised cost £000	Fair value through OCI £000	Derivatives used for hedging £000	Carrying value total £000	Fair value total £000
<b>Liabilities as per the balance sheet</b>					
Borrowings (excluding bonds) (1)	2,993,397	-	-	2,993,397	2,993,397
Bonds (2)	6,201,007	-	-	6,201,007	6,325,172
Term loans (3)	825,974	-	-	825,974	825,974
External derivative financial instruments - short term	-	105,804	26,996	132,800	132,800
Internal derivative financial instruments - short term	-	125,843	-	125,843	125,843
Intercompany financing loans – short term (4)(5)	33,202,739	-	-	33,202,739	33,202,739
Intercompany trade payables	48,282	-	-	48,282	48,282
Accruals	22,800	-	-	22,800	22,800

(1) The categories in this disclosure are determined by IFRS 9. As at 31 December 2020 the Company had Commercial Paper in issue amounting to €750,000k (nominal values) at rates between negative 0.14% and negative 0.31% with maturities ranging from 5 January 2021 to 23 June 2021. As at 31 December 2019 the Company had Commercial Paper in issue amounting to US\$2,028,250k (nominal values) at rates between 1.8% and 2.78% with maturities ranging from 2 January 2020 to 31 July 2020, and €1,750,000k (nominal values) at rates between negative 0.15% and negative 0.35% with maturities ranging from 23 January 2020 to 12 August 2020. The fair value of borrowings (excluding bonds) is deemed to be in line with the carrying amount due to their short-term nature.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

(2) Bonds as at 31 December 2020 are comprised of the following tranches:

Currency	Nominal Value (000s)	Rate	Maturity
USD	2,500,000	2.375%	2022
USD	750,000	3M Libor + 0.56%	2022
USD	500,000	3.625%	2023
USD	2,000,000	2.750%	2024
USD	2,500,000	3.000%	2027
GBP	500,000	1.750%	2032

Bonds as at 31 December 2019 are comprised of the following tranches:

Currency	Nominal Value (000s)	Rate	Maturity
USD	2,500,000	2.375%	2022
USD	750,000	3M Libor + 0.56%	2022
USD	500,000	3.625%	2023
USD	2,000,000	2.750%	2024
USD	2,500,000	3.000%	2027

The fair value of bonds at 31 December 2020 is a liability of £6,973,277k (2019: £6,325,172k). This value is derived using a quoted market rate in an active market (level 1 classification).

(3) The term loan is interest bearing at a floating rate of interest plus a margin and is repayable in 2022. The term loan carrying value at 31 December 2020 is a liability of £290,974k (2019: £825,974k). The fair value approximates to carrying value and is calculated using discounted future cashflows at floating market rates (level 2 classification).

(4) Intercompany loans payable and receivable are unsecured and are either interest free, interest bearing at a fixed rate, interest bearing at LIBOR plus or minus a margin of various rates or interest bearing at other floating based rates (2019: same).

(5) The fair value of short term loans is deemed to be in line with the carrying amount due to their short term nature. The fair value of floating long term loans are deemed to be comparable with carrying value. The fair value of long term fixed rate debt is determined by discounting future flows at the prevailing rate and converting to sterling at the year end rate.

All financial instruments, with the exception of the bonds, are in level 2 of the fair value hierarchy. Fair value for financial instruments held at amortised cost has been estimated by discounting cash flows at prevailing interest rates and by applying year end exchange rates. The fair value measurement hierarchy levels have been defined as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. 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): If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

The fair value of internal and external forward foreign exchange contracts at 31 December 2020 is a liability of £114,154k (2019: £258,643k) and an asset of £53,834k (2019: £49,558k). This value is 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 external interest rate swaps and cross currency swaps at 31 December 2020 is an asset of £19,120k (2019: £nil). This value was calculated using discounted future cash flows at floating market rates (level 2 classification).

As the value of level 3 instruments at 31 December 2020 is £nil (2019: £nil), no further level 3 disclosures have been made. There have been no movements of financial instruments between levels (2019: £nil).

#### Offsetting Financial Assets and Financial Liabilities

The Company has forward foreign exchange contracts that are subject to enforceable master netting arrangements:

##### (a) Financial assets

	Gross amounts of recognised financial assets £000	Gross amounts of recognised financial liabilities set off in the balance sheet £000	Net amounts of financial assets presented in the balance sheet £000	Financial instruments not set off in the balance sheet £000	Net amount £000
<b>As at 31 December 2020</b>					
Forward foreign exchange contracts - External	21,962	-	21,962	(21,759)	203
Forward foreign exchange contracts - Internal	31,872	-	31,872	-	31,872
	<u>53,834</u>	<u>-</u>	<u>53,834</u>	<u>(21,759)</u>	<u>32,075</u>
	Gross amounts of recognised financial assets £000	Gross amounts of recognised financial liabilities set off in the balance sheet £000	Net amounts of financial assets presented in the balance sheet £000	Financial instruments not set off in the balance sheet £000	Net amount £000
<b>As at 31 December 2019</b>					
Forward foreign exchange contracts - External	23,740	-	23,740	(21,660)	2,080
Forward foreign exchange contracts - Internal	25,818	-	25,818	-	25,818
	<u>49,558</u>	<u>-</u>	<u>49,558</u>	<u>(21,660)</u>	<u>27,898</u>

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

##### (b) Financial Liabilities

	Gross amounts of recognised financial liabilities £000	Gross amounts of recognised financial assets set off in the balance sheet £000	Net amounts of financial liabilities presented in the balance sheet £000	Financial instruments not set off in the balance sheet £000	Net amount £000
<b>As at 31 December 2020</b>					
Forward foreign exchange contracts - External	(94,054)	-	(94,054)	21,759	(72,295)
Forward foreign exchange contracts - Internal	(20,100)	-	(20,100)	-	(20,100)
	<u>(114,154)</u>	<u>-</u>	<u>(114,154)</u>	<u>21,759</u>	<u>(92,395)</u>

	Gross amounts of recognised financial liabilities £000	Gross amounts of recognised financial assets set off in the balance sheet £000	Net amounts of financial liabilities presented in the balance sheet £000	Financial instruments not set off in the balance sheet £000	Net amount £000
<b>As at 31 December 2019</b>					
Forward foreign exchange contracts - External	(132,800)	-	(132,800)	21,660	(111,140)
Forward foreign exchange contracts - Internal	(125,843)	-	(125,843)	-	(125,843)
	<u>(258,643)</u>	<u>-</u>	<u>(258,643)</u>	<u>21,660</u>	<u>(236,983)</u>

Forward foreign exchange contracts are subject to an enforceable right of offset in the event of a default by either party. Internal trades are not subject to such an agreement.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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#### 14. Financial Instruments (continued)

##### Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), interest rates, credit risks and liquidity. The Company 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 Company.

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

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

##### 1. Market Risk

###### *(a) Foreign exchange risk*

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities.

The Company'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 Company aligns internal foreign currency exposures and where necessary uses external debt and forward foreign exchange contracts to mitigate the risk to its income statement. The Company seeks to minimise its foreign currency exposures.

The notional principal amount of the outstanding external forward foreign exchange contracts at 31 December 2020 was £5,257,290k payable (2019: £5,837,903k payable).

The notional principal amount of the outstanding internal forward foreign exchange contracts at 31 December 2020 was £1,779,618k receivable (2019: £1,784,349k payable).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Balance Sheet.

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

The gains and losses from the fair value movements on derivatives held at fair value through the profit and loss, recognised in the Income Statement was a £106,333k loss (2019: £158,183k loss). This includes the forward exchange contracts economically hedging intercompany and external debt, which is included in the net exchange losses in the year in note 6 to these Financial Statements (2019: net exchange losses).

# Reckitt Benckiser Treasury Services plc

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 14. Financial Instruments (continued)

#### 1. Market Risk (continued)

##### (b) Cash flow and fair value interest rate risk

The Company has both interest-bearing and non-interest bearing assets and liabilities. The Company monitors its interest income and expense rate exposure on a regular basis. The Company manages its interest income rate exposure on its gross financial assets by using a combination of fixed rate term deposits.

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company 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 and assets 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 £13,637k (2019: £21,939k) or decrease of £13,637k (2019: £21,939k), respectively for the liabilities and assets covered.

The Company has a number of loans, both receivable and payable, with other Group companies. These loans are unsecured and are either interest free, interest bearing at a fixed rate, or interest bearing at a floating based rate. The tables below categorise the intragroup loans by the rates of interest that are applied to these loans.

#### Amounts owed by Group undertakings

	2020 £000	2019 £000
<b>Basis of interest receivable:</b>		
Interest free	-	81,871
Fixed based interest (6.0% and 45.4%) (2019 - 4.5%)	14,710	680,938
Floating based interest	48,272,210	44,186,624
<b>Total</b>	<b>48,286,920</b>	<b>44,949,433</b>

#### Amounts owed to Group undertakings

	2020 £000	2019 £000
<b>Basis of interest payable:</b>		
Interest free	957,604	940,377
Fixed based interest (between 0.38% and 4.5%) (2019 - between 0.75% and 4.5%)	1,572,457	78,425
Floating based interest	32,997,734	32,183,781
<b>Total</b>	<b>35,527,795</b>	<b>33,202,583</b>

# Reckitt Benckiser Treasury Services plc

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 14. Financial Instruments (continued)

#### 2. Credit Risk

The Company has no significant concentrations of third party 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. 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 Company uses BBB and higher rated counterparties to manage risk, and operationally 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 in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Company 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 Company assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and 5% of derivative notional position. The table below summarises the Company's assessment of its exposure. The financial institutions listed in the table are not comparable on a year on year basis.

		2020
	Credit rating	Exposure £000
<b>Counterparty</b>		
Financial Institution A	AAA	125,000
Financial Institution B	A+	96,418
Financial Institution C	AAA	85,000
Financial Institution D	A+	10,000
Financial Institution E	A	10,000
Financial Institution F	AAA	10,000
Financial Institution G	A+	8,618
	Credit rating	2019
	£000	Exposure £000
<b>Counterparty</b>		
Financial Institution A	AAA	20,000
Financial Institution B	A+	16,262
Financial Institution C	AA-	3,700

The above table does not include exposures to intercompany balances. The Company is in a net asset position and there is no history of intercompany default on balances owing to the Company. The maximum asset exposure to intercompany credit risk is £48,324,614k (2019: £44,980,647k).



## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

##### 3. Liquidity Risk

Cash flow forecasting is performed by other business units in the Group and on an aggregated basis by Group Treasury. GT monitors rolling forecasts of the Company'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 Company 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.

The Company has various borrowing facilities available to it. The Company has bilateral credit facilities with high-quality international banks. All of these facilities have similar or equivalent terms and conditions and have a financial covenant, which is not expected to restrict the Company's future operations.

At the end of 2020, the Company had, in addition to its long-term debt of £6,804,343k (2019: £7,026,981k), undrawn committed borrowing facilities totalling £5,500,000k (2019: £5,500,000k), of which £5,500,000k exceeded 12 months' maturity (2019: £5,500,000k). The committed borrowing facilities, together with available uncommitted facilities and central cash and investments, are considered sufficient to meet the Company's projected cash requirements.

The undrawn committed facilities available, in respect of which all conditions precedent have been met at the Balance Sheet date, were as follows:

	2020 £000	2019 £000
<b>Undrawn committed borrowing facilities:</b>		
Expiring within two years	2,000,000	-
Expiring after more than two years	3,500,000	5,500,000
	<u>5,500,000</u>	<u>5,500,000</u>

All committed 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.

# Reckitt Benckiser Treasury Services plc

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 14. Financial Instruments (continued)

The table below analyses the Company's financial liabilities 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.

	<b>Total £000</b>	<b>Less than 1 year £000</b>	<b>Between 1 and 2 years £000</b>	<b>Between 2 and 5 years £000</b>	<b>Over 5 years £000</b>
<b>At 31 December 2020</b>					
Overdrafts	(1,738)	(1,738)	-	-	-
Commercial paper	(671,295)	(671,295)	-	-	-
Bonds	(7,249,135)	(164,982)	(2,518,508)	(2,093,276)	(2,472,369)
Term loans	(296,608)	(3,247)	(293,361)	-	-
Intercompany trade payables	(48,837)	(48,837)	-	-	-
Accruals and deferred income	(7,489)	(7,489)	-	-	-
Intercompany financing loans	(35,533,137)	(35,533,137)	-	-	-
	<b>Total £000</b>	<b>Less than 1 year £000</b>	<b>Between 1 and 2 years £000</b>	<b>Between 2 and 5 years £000</b>	<b>Over 5 years £000</b>
<b>At 31 December 2019</b>					
Overdrafts	(649)	(649)	-	-	-
Commercial paper	(3,013,000)	(3,013,000)	-	-	-
Bonds	(7,049,331)	(175,983)	(175,930)	(4,670,187)	(2,027,231)
Term loans	(881,199)	(21,444)	(21,444)	(838,311)	-
Intercompany trade payables	(48,282)	(48,282)	-	-	-
Accruals	(22,800)	(22,800)	-	-	-
Intercompany financing loans	(33,202,739)	(33,202,739)	-	-	-

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

The table below analyses the Company's derivative financial instruments into relevant maturity groupings based on the remaining period between the Balance Sheet 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.

At 31 December 2020

	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
<b>Forward exchange contracts - External</b>				
Outflow	(5,257,290)	-	-	-
Inflow	5,200,518	-	-	-
<b>Cross currency interest rate swaps</b>				
Outflow	(8,753)	(8,753)	(26,158)	(785,376)
Inflow	2,850	2,850	8,499	772,695
<b>Interest rate swaps</b>				
Outflow	(3,467)	(3,457)	(10,402)	(15,603)
Inflow	5,700	5,700	17,099	28,498
<b>Forward exchange contracts - Internal</b>				
Outflow	(1,767,916)	-	-	-
Inflow	1,791,618	-	-	-

At 31 December 2019

	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
<b>Forward exchange contracts - External</b>				
Outflow	(5,837,903)	-	-	-
Inflow	5,731,560	-	-	-
<b>Forward exchange contracts - Internal</b>				
Outflow	(1,784,349)	-	-	-
Inflow	1,791,583	-	-	-

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 14. Financial Instruments (continued)

##### 4. Capital Management

The Company considers capital to be net debt plus total equity. Net debt is calculated as total external borrowings (excluding intercompany liabilities) less cash at bank and in hand, current asset investments and derivative financial instruments. Total equity includes share capital, reserves and retained earnings as shown in the Company Balance Sheet.

	2020 £000	2019 £000
Net debt	7,189,831	10,110,503
Total equity	5,532,797	5,103,517
	<u>12,722,628</u>	<u>15,214,020</u>

The objectives for managing capital are to safeguard the Company'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.

The Company monitors net debt and at year end the Company had net debt of £7,189,831k (2019: £10,110,503k). The Company seeks to pay down net debt using cash generated by the Group companies to maintain an appropriate level of financial flexibility.

#### 15. Deferred taxation

	2020 £000	2019 £000
At beginning of year	102	(268)
Adjustments in respect of prior periods through OCI	-	70
Deferred tax charge in OCI for the period	1,115	300
<b>At end of year</b>	<u>1,217</u>	<u>102</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Deferred tax on cash flow hedges	<u>1,217</u>	<u>102</u>

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 16. Share Capital

	2020 £000	2019 £000
<b>Allotted and fully paid</b>		
2,000,102 (2019 - 2,000,102) Ordinary shares of £1 each	2,000	2,000

#### 17. Related Party Transactions

During the year, Reckitt Benckiser Treasury Services plc earned £20k (2019 - £60k) of interest receivable and incurred £24k (2019 - £nil) of interest payable to RB & Manon Business Co. Limited, another group company. RB & Manon Business Co. Limited is 75.05% owned by SSL Healthcare (Shanghai) Limited and 24.95% by three individual third-party shareholders. At the year-end, borrowings of £11,373k (2019 - £6,416k) were outstanding and included within creditors (2019 - included within creditors). The creditor is repayable on demand, unsecured and interest bearing at a rate of 3M LIBOR less 0.125% (2019 - same).

During the year, Reckitt Benckiser Treasury Services plc earned £0k of interest receivable (2019 - £1k) and incurred £1,096k (2019 - £1,969k) of interest payable to RB (China Trading) Limited, another group company. RB (China Trading) Limited is 80% owned by Reckitt Benckiser Limited (formerly Reckitt Benckiser plc) and 20% by an individual third-party shareholder. At the year end, borrowings of £61,225k (2019 - £13,361k) were outstanding and included within creditors (2019 - included within creditors). The creditor is repayable on demand, unsecured and interest bearing at a rate of 3M LIBOR less 0.125% (2019 - same).

During the year, Reckitt Benckiser Treasury Services plc incurred £26k (2019 - £24k) of interest payable to RB & Manon (Hygiene Home) HK Ltd, another group company. RB & Manon (Hygiene Home) HK Ltd is 75.05% owned by Reckitt Benckiser (Hygiene Home) Holdings Ltd and 24.95% by three individual third party shareholders. At the year-end, borrowings of £4,367k (2019 - £3,270k) were outstanding and included within creditors. The creditor is repayable on demand, unsecured and interest bearing at a rate of 3M HIBOR less 0.125%.

#### 18. Directors

During the year the Company had 9 Directors resident in the UK, none of whom received any emoluments in respect of services to the Company (2019 - 4 Directors, no emoluments). The remuneration is paid by Reckitt Benckiser Corporate Services Limited which has made no recharge to the Company for the Directors' services during their time as Director. The Directors are also Directors of a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the Directors. The Directors have no material interest in any contract of significance to the Company's business.

## Reckitt Benckiser Treasury Services plc

### Notes to the Financial Statements For the Year Ended 31 December 2020

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

The immediate parent company is Reckitt Benckiser Limited (formerly Reckitt Benckiser plc), a company which is registered in England and Wales.

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

#### **20. Auditor's remuneration**

The auditor's remuneration is met by the ultimate parent company, Reckitt Benckiser Group plc and is disclosed in total in the Group Financial Statements. Amounts receivable by the Company's auditor in respect of the audit of these Financial Statements is £240k. In 2019 amounts received by the Company's auditor was £225k.

#### **21. Contingent Liabilities**

The Company has issued a guarantee on behalf of Reckitt Benckiser Treasury Services (Nederland) B.V. in relation to the issuance of two €850 million bonds issued in May 2020.

#### **22. Post balance sheet events**

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