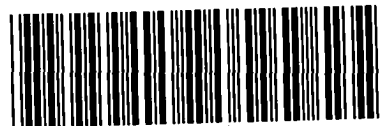


**Kimberly-Clark Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2021**

Registered number 00308676

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# Kimberly-Clark Limited

## Annual report and financial statements for the year ended 31 December 2021

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### **Directors**

D S Cunningham (appointed 15 September 2021)  
K S Dhillon  
R D Howell (appointed 27 October 2021)

### **Registered office**

Walton Oaks,  
Dorking Road,  
Tadworth, Surrey  
England KT20 7NS

### **Company number**

00308676

### **Independent auditor**

Deloitte LLP, Statutory Auditor, London, United Kingdom

# Kimberly-Clark Limited

## Strategic report

### for the year ended 31 December 2021

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The directors, in preparing the strategic report, have complied with s414C of the Companies Act 2006.

The directors present their strategic report, together with the financial statements and auditor's report, for the year ended 31 December 2021.

#### **Review of the business and future development**

The company's principal activities during the year continued to be the UK based manufacture and marketing of health and hygiene products for household, commercial, institutional and industrial uses.

The company operated as both a toll manufacturer and a limited risk distributor for another group company, Kimberly-Clark Europe Limited. Under contractual agreement, the company receives a cost plus return for its manufacturing activities, and a margin for its distributor activities.

The directors expect the company to continue to trade in its current form, and at current operating profit levels, for the foreseeable future. In 2021, after decrease in demand for the company's products, sales decreased to £560,728,000 (2020: £598,262,000), however because of receiving a margin for distribution activities from Kimberly Clark Europe Limited, net assets increased to £398,435,000 (2020: £356,159,000) after remeasurement of the Defined Benefit scheme and profit for the period. Operating profits also increased to £32,265,000 (2020: £31,198,000) due to an increase in toll manufacturing production which resulted in increased returns from Kimberly-Clark Europe Limited, under contractual agreements in place.

#### **Key performance indicator**

The directors consider the operating profit margin of the business to be a key performance indicator. The operating profit margin for the year ended 31 December 2021 was 5.7% (2020: 5.2%) and reflects an expected and reasonable level of profit based on the cost plus return and commission based nature of its operations.

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

The company regularly assesses whether any potential risks exist and takes appropriate mitigating action.

Currently the directors consider the principal risks and uncertainties facing the company to be as follows:

##### **Price and inflation risk:**

Under contractual agreement, price risk relating to inventory, utilities, and other operating costs, is borne by another group company, Kimberly-Clark Europe Limited. This is also applicable to inflation risk.

##### **Cash flow risk:**

The company has exposure for capital expenditure in currencies other than sterling. The risks associated with this expenditure are not considered significant.

##### **Liquidity risk:**

To ensure sufficient funds are available for future developments, the company uses both short and long-term debt finance from other group companies.

##### **Credit risk:**

The company's principal monetary assets are receivables from other group companies, and the company's credit risk is primarily attributable to these receivables. Credit risk from non-affiliated parties is indemnified by Kimberly-Clark Europe Limited, under contractual agreement.

The credit risk on the intercompany receivables is limited because the counterparties are group companies with strong credit ratings.

# Kimberly-Clark Limited

## Strategic report (*continued*)

### for the year ended 31 December 2021

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#### **Competitive risk:**

The company operates in mature markets where there is fierce competition both in terms of product innovation and retail pricing. The company, and the wider Kimberly-Clark group, is committed to significant investment in research and development in order to keep its products well positioned in the market place in terms of quality, innovation and performance.

#### **Interest rate risk:**

Interest bearing assets and liabilities are held at a variable rate, which is linked to SONIA. In 2020, interest bearing assets and liabilities were linked to LIBOR however, there's been no significant impact because of this change. This exposure is not hedged as the directors do not consider it to be cost effective.

#### **Covid-19:**

Covid-19 effect on operations During 2021, the pandemic declared in 2020 by the World Health Organization (WHO) caused by the coronavirus (COVID-19) has spread in the country. As a result, the National Government has taken measures in health, social and economic spheres to prevent the spread of the virus, which included restrictions on people's mobility and travel, the temporary closure of businesses and other limitations on the operation. We have experienced increased volatility in demand for some of our products as consumers adapt to the evolving environment. Beginning in the first quarter of 2020, particularly in March, demand increased in our Consumer Tissue and Personal Care business segments as consumers increased home inventory levels in response to COVID-19. The increase was followed by a period of demand softness in second half of 2020 and in 2021 as consumers used existing home inventories and demand returned to more normal levels. Demand for our consumer tissue products was elevated throughout 2020 as more people spent more time at home. Our K-C Professional business experienced volume declines throughout 2020 and 2021 reflecting the reduction in away from home demand.

During 2021, at many of our facilities, we have been experiencing increased employee absences, which may continue in the current situation, however, it did not result in any material circumstances impacting the business. During the year, we also experienced increased volatility in foreign currency exchange rates and commodity prices, as the country experienced increased macro-economic volatility from the Covid-19 situation.

We expect the ultimate significance of the impact on our financial and operational results will be dictated by the length of time that such circumstances continue, which will depend on the currently unknowable extent and duration of the Covid-19 pandemic and any governmental and public actions taken in response. Covid-19 also makes it more challenging for management to estimate future performance of our businesses, particularly over the near term.

#### **Cost of living crisis:**

During the year, because of the global economic climate and rising energy prices, the United Kingdom has been impacted by an increase in inflation on general consumer products. In addition, in February 2022 there was political unrest between Ukraine and Russia which resulted in warfare causing global tensions which is expected to put additional pressure on energy prices and inflation.

As Kimberly-Clark Limited is a limited range distributor and toll manufacturer, it's anticipated costs of production will increase because of inflationary pressures on energy which makes it more challenging for management to estimate future performance. However, due to the contractual agreement, whereby the company receives a cost plus return for its manufacturing activities, and a margin for its distributor activities; it's expected to continue in its current form for the foreseeable future.

# Kimberly-Clark Limited

## Strategic report (continued) for the year ended 31 December 2021

### Streamlined Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019. The full global emissions for the Kimberly-Clark Group are disclosed in the annual sustainability report [www.kimberly-clark.com/en-us/responsibility/annualreports](http://www.kimberly-clark.com/en-us/responsibility/annualreports).

The table below represents Kimberly-Clark Limited's energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK for year ended 31 December 2021 and 31 December 2020. The data covers 4 manufacturing and distribution sites in the UK:

GHG emissions and energy usage data				
	UK			
	31 December 2021		31 December 2020	
	Tonnes of CO <sub>2</sub> e	Energy consumption (kwh)	Tonnes of CO <sub>2</sub> e	Energy consumption (kwh)
Emissions from combustion of gas (Scope 1 – tonnes of CO <sub>2</sub> e)	76,631	379,404	93,595	462,139
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO <sub>2</sub> e)	63,142	199,726	80,403	231,271
<b>Sub-total of Scope 1 and scope 2 emissions</b>	<b>139,773</b>	<b>579,130</b>	<b>173,998</b>	<b>693,410</b>
Emissions from purchased goods & services, waste generated in operations and capital goods where company is responsible for purchasing the fuel (Scope 3 – tonnes of CO <sub>2</sub> e)	377,700	N/A	380,163	N/A
<b>Total gross tonnes of CO<sub>2</sub>e based on above</b>	<b>517,473</b>		<b>554,161</b>	
<b>Financial Turnover (£'000)</b>	<b>£560,728</b>		<b>£598,262</b>	
<b>Emissions Intensity (scope 1 and 2), tonnes of CO<sub>2</sub>e per £'000 of turnover</b>	<b>0.25 tonnes per £'000 turnover</b>		<b>0.29 tonnes per £'000 turnover</b>	

### SECR Methodology Statement 2021

The SECR submission has been compiled using sustainability data from our operating units and tracked against sustainability targets.

Information was collected and reported in-line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

# **Kimberly-Clark Limited**

## **Strategic report (*continued*)**

### **for the year ended 31 December 2021**

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Data is verified and reviewed by different groups in the year according to guidelines outlined in the ISO14064-3 greenhouse gases specification.

Scope 3 emissions have been allocated by taking a pro-rated approach on annual scope 1 and scope 2 emissions for the Kimberly-Clark group related to UK manufacturing and distribution.

For energy efficiency programs taken out during the financial year, refer to section 172 statement on page 4.

#### **Going concern**

The company is currently making healthy profits from operations, based on this the board has concluded that the company is expected to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. As a result, the directors believe the going concern basis continues to be appropriate in preparing the financial statements (see note 1 for further details).

The company meets its day to day working capital requirements through cash held with another group company, Kimberly-Clark Luxembourg Finance SARL.

Kimberly-Clark Luxembourg Finance SARL, as a member of the Kimberly-Clark group has confirmed via a letter of support that it will provide adequate finance for the foreseeable future and at least for the 12 months from the date on which the financial statements are signed. In addition, Kimberly-Clark Corporation, the ultimate parent company, has confirmed via a letter of support to provide finance to Kimberly-Clark Luxembourg Finance SARL to ensure it can trade in its current form, and to meet its obligation, for at least 18 months from 27 September 2022. Kimberly-Clark Corporation continues to perform strongly with \$798,000,000 cash from operations from the 2022 Q3 financial overview.

#### **Section 172 Statement**

Engaging and building trust with key stakeholders that interact with, or are impacted by, our business is key to delivering our strategy and ensuring our success over the long term. As well as empowering our senior management team, strategic decisions impacting our stakeholders are discussed in the Kimberly-Clark Europe Limited board meetings, another group company.

Below we summarise our key stakeholder groups, how we engage with them, and how we respond to issues that matter most to them:

#### **Consumers and customers**

Our passion for creating essentials for a better life for people everywhere has driven us to invent five of our eight major consumer product categories: facial tissue, paper towels, toilet paper on a roll, feminine pads and disposable training pants.

During the year our customers were of utmost importance during the heights of the pandemic. Steps taken included reintroduced promotions and campaigns. Through market research and research & development opportunities we have introduced a new hygiene range ensuring we can meet our customer needs through innovation.

#### **Social Impact and sustainability**

Social and Environmental Compliance. Working with our mills and key suppliers to meet our standards of performance for human rights, labour rights, employee safety, anti-corruption and environmental protection. Risk Management: Ensuring that the products and materials we purchase come from traceable, resilient and sustainable sources; enabling better prediction and prevention of potential business disruptions, e.g. water.

# Kimberly-Clark Limited

## Strategic report (*continued*) for the year ended 31 December 2021

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The business actively engages with climate control initiatives. During the year the £85m upgrade to the Barrow Mill machinery has been completed. The new investment will decrease our mill energy consumption and water usage. In addition, to reduce further carbon footprint in November 2021 we signed a power purchase agreement that will lead to the construction of a wind farm in Scotland which will supply UK manufacturing facilities with renewable energy by 2023.

### **Social Impact and sustainability**

To answer consumers needs we constantly remove hundreds of tons of plastics from our core brands products and during the year we introduced Huggies Pure Biodegradable wipes which are entirely plastic free.

### **Employees**

Our culture is purpose led and performance driven. We bring our purpose to life through our Compass, which guides how we care for each other and our business results. Borne out of our Purpose, our Values and Ways of Working combine to create a purpose led, performance driven culture. During 2021 to support the wellbeing, productivity and mental health of employees who've been working from home, we held regular interactive events and townhalls led by senior leaders, offer career and personal development opportunities, and actively promote a flexible working environment.

During the year we managed regular global all-employee surveys that gave employees the opportunity to provide feedback to the Company and, more specifically Team Leaders, allowing us to monitor employee engagement and act on feedback to continuously improve engagement.

### **Suppliers**

Through supply chain management and being committed to becoming a customer of choice, we actively engage with suppliers to seek feedback on relationship satisfaction and opportunities for improvement. During the year we have focused on centralized functions to improve efficiencies with invoice processing and improving payment lead times. We have continually invested in our processes to ensure our external providers aligned to support proper recording of invoicing and payment procedures.

We build and maintain strong, long-term relationships with strategic suppliers, focused to growing together through joint initiatives and a shared vision. In 2022 we will re-launch our supplier relationship management (SRM) program to drive a consistent approach to collaboration with our strategic suppliers.

This report was approved by the board on 23 December 2022, and was signed on its behalf by:



K S Dhillon

Director

Walton Oaks,  
Dorking Road,  
Tadworth, Surrey  
England KT20 7NS

# **Kimberly-Clark Limited**

## **Directors' report**

### **for the year ended 31 December 2021**

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The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2021.

#### **Future developments and events after the balance sheet date**

Details of future developments and events that have occurred after the balance sheet date can be found in the strategic report on pages 1 to 5 and in Note 1 (b) to the financial statement. There were not significant post balance sheet events reported.

#### **Research and development**

During 2021 the company's projects to develop product and process innovation continued according to plan.

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the strategic report on pages 1 to 5 and form part of this report by cross-reference.

#### **Dividends**

No interim dividend was paid during the year. The directors do not recommend payment of a final dividend.

#### **Energy and carbon reporting**

GHG emissions and energy usage as required in The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 has been reported in the Strategic Report.

#### **Directors**

The directors, who served throughout the year and up until the signing date, were as follows:

K S Dhillon  
T O Wilkinson (resigned 15 September 2021)  
O Ben Shai (resigned 1 July 2021)  
D S Cunningham (appointed 15 September 2021)  
R D Howell (appointed 27 October 2021)

#### **Directors' indemnities**

The Group has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee consultation**

The company values its employees very highly, and seeks to inform and involve them in the business. Methods of communications include newsletters, bulletins, and management briefings. The company consults employees or their representatives on a regular basis, and particularly concerning decisions which are likely to affect their interests.



**Kimberly-Clark Limited**  
**Directors' report (*continued*)**  
**for the year ended 31 December 2021**

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**Auditor**

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 23 December 2022 and was signed on its behalf by:



K S Dhillon

Director

Walton Oaks,  
Dorking Road,  
Tadworth, Surrey  
England KT20 7NS

# **Kimberly-Clark Limited**

## **Directors' responsibilities statement for the year ended 31 December 2021**

---

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Kimberly-Clark Limited**

## **Independent auditor's report for the year ended 31 December 2021**

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### **Independent auditor's report to the members of Kimberly-Clark Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Kimberly-Clark Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Kimberly-Clark Limited

## Independent auditor's report (continued) for the year ended 31 December 2021

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### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

# Kimberly-Clark Limited

## Independent auditor's report (continued) for the year ended 31 December 2021

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the posting of manual revenue journal entries, and our specific procedures performed to address it are described below:

- testing the design and implementation of manual revenue journal entries review controls;
- reconciling the journal transactional data back to opening and closing trial balance to ensure completeness of the manual revenue journal entries;
- identifying relevant manual revenue journal postings that display characteristics of audit interest; and
- for all manual revenue journals identified, obtaining supporting evidence to validate the appropriateness of the journal entry, including obtaining an understanding of the business rationale and verifying appropriate approvals of the posting had been obtained

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

# Kimberly-Clark Limited

## Independent auditor's report (continued) for the year ended 31 December 2021

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### Use of our report

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.



Nipun Vinaik (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
23 December 2022

# Kimberly-Clark Limited

## Profit and loss account for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Turnover</b>	3	<b>560,728</b>	598,262
Cost of sales		<b>(479,504)</b>	(508,852)
<b>Gross profit</b>		<b>81,224</b>	89,410
Administrative expenses		<b>(21,229)</b>	(31,087)
Distribution expenses		<b>(27,730)</b>	(27,125)
<b>Operating profit before non-routine expenses</b>		<b>32,265</b>	31,198
Non-routine administrative expenses:			
Costs of business restructuring	5	<b>(17,851)</b>	(12,063)
Costs charged to Kimberly-Clark Europe Limited	5	<b>17,851</b>	12,063
<b>Operating profit after non-routine expenses</b>		<b>32,265</b>	31,198
Net finance income	4	<b>2,264</b>	1,623
<b>Profit before taxation</b>	5	<b>34,529</b>	32,821
Tax charge on profit	8	<b>(26,683)</b>	(13,746)
<b>Profit for the financial year</b>		<b>7,846</b>	19,075

All results relate to continuing operations.

# Kimberly-Clark Limited

## Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Profit for the financial year</b>		<b>7,846</b>	19,075
Remeasurement of net defined benefit liability	20	<b>27,390</b>	38,951
Tax relating to components of other comprehensive income	16	<b>7,040</b>	(1,995)
<b>Other comprehensive income</b>		<b>34,430</b>	36,956
<b>Total comprehensive income</b>		<b>42,276</b>	56,031



# Kimberly-Clark Limited

## Balance sheet as at 31 December 2021 Registered number 00308676

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	10	308,437	294,288
Other investments and loans	11	80,000	80,000
		<b>388,437</b>	<b>374,288</b>
<b>Current assets</b>			
Stocks	12	10,397	10,865
Debtors			
- due within one year	13	328,201	323,228
Cash at bank and in hand		1	1
		<b>338,599</b>	<b>334,094</b>
<b>Creditors: Amounts falling due within one year</b>	14	<b>(356,569)</b>	<b>(352,619)</b>
<b>Net current (liabilities)</b>		<b>(17,970)</b>	<b>(18,525)</b>
<b>Total assets less current liabilities</b>		<b>370,467</b>	<b>355,763</b>
Creditors: Amounts falling due after more than one year	15	(521)	(617)
Provisions for liabilities	16	(25,216)	(24,149)
Pension asset	20	53,705	25,162
<b>Net assets</b>		<b>398,435</b>	<b>356,159</b>
<b>Capital and reserves</b>			
Called-up share capital	18	221,000	221,000
Capital contribution reserve	18	3,767	3,767
Equity reserve	18	593	593
Profit and loss account	18	173,075	130,799
<b>Shareholder's funds</b>		<b>398,435</b>	<b>356,159</b>

The financial statements of Kimberly-Clark Limited, company registration number 00308676, were approved by the Board of Directors and authorised for issue on 23 December 2022.



K S Dhillon  
Director

# Kimberly-Clark Limited

## Statement of changes in equity As at 31 December 2021

	Note	Called-up share capital	Capital reserve	Equity reserve	Profit and loss account	Total
		£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2020</b>		221,000	3,767	593	74,768	<b>300,128</b>
Profit for the financial year		-	-	-	19,075	<b>19,075</b>
Remeasurement of net defined benefit liability	20	-	-	-	38,951	<b>38,951</b>
Tax relating to components of other comprehensive expense	16	-	-	-	(1,995)	<b>(1,995)</b>
<b>Total comprehensive income</b>		-	-	-	56,031	<b>56,031</b>
<b>At 31 December 2020</b>		<b>221,000</b>	<b>3,767</b>	<b>593</b>	<b>130,799</b>	<b>356,159</b>
Profit for the financial year		-	-	-	7,846	<b>7,846</b>
Remeasurement of net defined benefit liability	20	-	-	-	27,390	<b>27,390</b>
Tax relating to components of other comprehensive income	16	-	-	-	7,040	<b>7,040</b>
<b>Total comprehensive income</b>		-	-	-	42,276	<b>42,276</b>
<b>At 31 December 2021</b>		<b>221,000</b>	<b>3,767</b>	<b>593</b>	<b>173,075</b>	<b>398,435</b>

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

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### 1. Accounting policies

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

#### a. General information and basis of accounting

Kimberly-Clark Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England. The address of the registered office is given on page 5. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Kimberly-Clark Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pound sterling.

Kimberly-Clark Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Kimberly-Clark Limited is consolidated in the financial statements of its ultimate parent company, Kimberly-Clark Corporation Inc., copies of which may be obtained from its registered office at PO Box 619100, Dallas, Texas, 75261-9100, USA. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The Company was, at the end of the current period, a wholly-owned subsidiary of another company incorporated outside the EEA and in accordance with section 401 of the Companies Act 2006 is exempt from consolidation.

#### b. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report further describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through cash held with another group company, Kimberly-Clark Luxembourg Finance SARL.

Kimberly-Clark Luxembourg Finance SARL, as a member of the Kimberly-Clark group has confirmed via a letter of support that it will provide adequate finance for the foreseeable future and at least for the 12 months from the date on which the financial statements are signed. In addition, Kimberly-Clark Corporation, the ultimate parent company, has confirmed via a letter of support to provide finance to Kimberly-Clark Luxembourg Finance SARL to ensure it can trade in its current form, and to meet its obligation, for at least 18 months from the 27 September 2022. Kimberly-Clark Corporation continues to perform strongly with \$798,000,000 cash provided by operations from the Q3 2022 financial overview.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

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### c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	– over 40 years
Leasehold improvements	– over the lease term
Plant and machinery	– over 3 – 25 years
Assets in the course of construction	– not depreciated until capitalised

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

### d. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first in, first out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

### e. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 *(continued)*

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### **e. Financial instruments *(continued)***

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### *(ii) Investments*

Investments in subsidiaries and associates are measured at cost less impairment.

#### *(iii) Equity instruments*

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

### **f. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

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### **f. Impairment of assets (*continued*)**

#### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

### **g. Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Group relief received from or surrendered to related companies not paid for is accounted for as a capital contribution.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

### **h. Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

### **i. Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **j. Employee benefits**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

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between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period. They are included as part of staff costs. There is no contractual agreement or stated policy for charging the cost of the defined plan between entities, therefore the full liability is recognised on the balance sheet of Kimberly-Clark Limited.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

### **k. Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise.

### **l. Leases**

*The company as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### **m. Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. See note 5 for income recorded from grants received in previous years.

### **n. Research and development costs**

The company policy is to write-off research and development costs off to the profit and loss as they are incurred.

### **o. Share-based payments**

The ultimate parent company issues equity-settled share options to certain employees. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural consideration.

### **p. Non-routine administrative expenses**

As part of the global restructuring project, announced in January 2018, severance costs are recognised at the point formalised plans have been announced to employees. For anticipated impairment of fixed assets, incremental depreciation is recognised on identifiable assets. Pension

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

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settlement and curtailment charges are recorded as incurred. All costs are recharged to a fellow group intercompany partner, Kimberly-Clark Europe Limited.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, 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

#### **Critical judgements in applying the company's accounting policies**

The directors were not required to make any material judgements in the preparation of these Financial Statements.

#### **Key sources of estimation uncertainty**

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension scheme depends on the selection and values of certain assumptions which include discount rate, inflation rate and mortality. Note 19 provides information on the assumptions used to measure the scheme liabilities.



# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 3. Turnover

The company has only one class of business which relates to the UK market.

All turnover arises from commissions.

	2021 £'000	2020 £'000
Third party sales	560,728	598,262
	<u>560,728</u>	<u>598,262</u>

### 4. Net finance income

	2021 £'000	2020 £'000
Interest payable to group undertakings	(677)	(1,054)
Interest receivable from group undertakings	365	165
Other finance income	2,576	2,512
	<u>2,264</u>	<u>1,623</u>

#### *Other finance income/(expense)*

	2021 £'000	2020 £'000
Net interest on defined benefit liability (note 20)	398	(239)
Capitalised interest	2,178	2,751
	<u>2,576</u>	<u>2,512</u>

The company capitalisation rate is determined monthly using a range of interests calculated at 6.146%. This method requires that outstanding interest bearing obligations be ranked by interest rate in descending order and that the cumulative principal or face amount of the obligations be compared to the cumulative spending on the qualifying project until the outstanding interest bearing obligations are exhausted or the cumulative spending is reached, whichever occurs first. The practicability of repaying the individual borrowings included in the outstanding interest bearing obligations is not considered.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 10)	22,923	25,566
Research and development	9,677	7,248
Government credits	(96)	(96)
Operating lease rentals	4,677	6,481
Foreign exchange (gain)/loss	(177)	246
Loss on disposal of fixed assets	2,904	785
Obsolete stock provision movement	(869)	(352)

Auditor's remuneration for the auditing of the company's financial statement of £140,500 was borne by a group company (2020: £140,500). There were £Nil (2020: \$Nil) non-audit service remuneration incurred.

No services were performed pursuant to contingent fee arrangements.

During 2018 a global restructuring program was announced by the Kimberly-Clark group in order to free up funds to enable greater investment in the company's brands. As such, the company has incurred a number of non-routine costs during the current period. This program run until December 2021. During the year, the following costs were incurred:

The following costs were incurred as a result of restructuring activities: a credit of £480,000 (2020: £646,000) was recognised as employee separation costs; £1,739,000 (2020: £5,421,000) was recognised as accelerated depreciation; £1,129,000 (2020: £1,659,000) for migration costs; £13,477,000 (2020: £2,197,000) was recognised for asset write offs and asset disposals; £1,251,000 (2020: £132,000) for consulting and associated costs and £735,000 (2020: £2,008,000) was incurred on other non-routine activities. These costs were charged to Kimberly-Clark Europe Limited under the contractual agreements in place (see also note 6 and note 16).

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 6. Staff numbers and costs

The average monthly number of employees was:

	2021 Number	2020 Number
Production	644	827
Administration	308	168
	<u>952</u>	<u>995</u>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	53,598	58,249
Social security costs	6,498	7,142
Other pension costs	5,210	4,897
Severance costs relating to restructuring	(480)	646
	<u>64,826</u>	<u>70,934</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

A credit of £480,000 (2020: £646,000 cost) was recognised for employee separation costs relating to the prior year as a result of employees finding new roles within K-C during the year. This was recharged to Kimberly-Clark Europe Limited under the contractual agreements in place (see note 5).

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7. Directors' remuneration and transactions

A director received emoluments from the company in the year. Directors' remuneration were also borne by other group companies. An amount of £1,896,000 was paid to directors by another group company, Kimberly-Clark Europe Limited (2020: £1,698,000). Further to this, the company paid remuneration of £330,000 (2020: £326,000) in the year to an employee who was performing services for other group companies.

	2021 £'000	2020 £'000
<b>Directors' remuneration</b>		
Emoluments	466	456
	<u>466</u>	<u>456</u>

	2021 Number	2020 Number
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	-	-
Exercised options over shares in a group company	-	1
Had awards receivable in the form of shares under a long-term incentive scheme	-	1

	2021 £'000	2020 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	466	456
	<u>466</u>	<u>456</u>

### 8. Tax on profit on ordinary activities

The tax charge comprises:

	2021 £'000	2020 £'000
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax on profits of the year	12,871	4,692
Adjustments to UK corporation tax in respect of prior years	(904)	(157)
<b>Total current tax</b>	<u>11,967</u>	<u>4,535</u>

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8. Tax on profit on ordinary activities (continued)

	2021 £'000	2020 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,394)	2,774
Adjustment in respect of prior years	(381)	606
Effect of increase in tax rate on opening liability	17,491	5,831
<b>Total deferred tax (note 16)</b>	<b>14,716</b>	<b>9,211</b>
<b>Total tax charge on profit on ordinary activities</b>	<b>26,683</b>	<b>13,746</b>

#### Factors affecting tax charge for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	34,529	32,821
Tax on Profit at standard rate of corporation tax in the UK 19.00% (2020: 19.00%)	6,560	6,236
Effects of:		
Expenses not deductible	4,329	1,654
Adjustment for previous years	(1,284)	449
Tax rate changes	17,491	5,831
Other	(413)	(424)
<b>Tax charge for the year</b>	<b>26,683</b>	<b>13,746</b>

#### Factors that may affect future tax charges

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances on 31 December 2021. Deferred tax has been measured at the rate it is expected to reverse.

The Finance Act 2022 will have no impact on the deferred tax recognised.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

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### 9. Share based payments

The company issues equity-settled share options in Kimberly-Clark Corporation to certain employees. There are three award types as follows:

#### *Approved Share Option Scheme*

These share options vest over three years: 30% by the first anniversary of the grant, 60% by the second and 100% by the third. The option must be exercised by the tenth anniversary of the grant. All outstanding options vest upon retirement which can take place no earlier than age 55. In the case of death or incapacity due to ill health outstanding shares automatically vest and must be exercised within three years. For employees who leave the company for other reasons (voluntarily or involuntarily), vested options will forfeit three months after the date of termination. All shares that have not vested are forfeited if the employee leaves the company

#### *Unapproved Share Option Scheme (unapproved meaning no special HMRC treatment)*

These share options vest over three years: 30% by the first anniversary of the grant, 60% by the second and 100% by the third. The option must be exercised by the tenth anniversary of the grant. All outstanding options vest upon retirement which can take place no earlier than age 55. In the case of death or incapacity due to ill health outstanding shares automatically vest and must be exercised within three years. For employees who leave the company for other reasons (voluntarily or involuntarily), vested options will forfeit three months after the date of termination. All shares that have not vested are forfeited if the employee leaves the company.

#### *Restricted Stock Unit Plan*

The company issues restricted stock units to certain employees, some of which have performance criteria. Performance restricted stock units vest on the third anniversary of the grant. The vesting schedule for time-vested restricted stock units can vary, but is typically two or three years. If more than six months after the date of grant, all outstanding shares automatically vest at the date of retirement, which can take place no earlier than age 55. If more than six months after the date of grant, upon death or incapacity due to ill health the shares vest automatically on a pro-rata basis. All non-vested units are forfeited if the employee leaves the company.

The fair value of the share options is calculated using the Black Scholes model, which is considered the most appropriate generally accepted valuation method of measuring fair value. The required disclosures are included in Kimberly-Clark Corporation's consolidated financial statements. The Company measures its share-based payment expense using the Black-Scholes valuation model based on the number of shares granted over a vesting period of three years. The vesting period is accelerated for participants who are age 55+ at the grant date, or who will turn age 55 during the vesting period.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 10. Tangible fixed assets

	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2021	111,689	3,020	464,648	73,357	<b>652,714</b>
Additions	14,632	-	4,952	20,392	<b>39,976</b>
Disposals	(902)	(3,020)	(42,991)	-	<b>(46,913)</b>
Transfers	-	-	56,563	(56,563)	-
At 31 December 2021	<b>125,419</b>	-	<b>483,172</b>	<b>37,186</b>	<b>645,777</b>
<b>Depreciation</b>					
At 1 January 2021	56,631	2,330	299,465	-	<b>358,426</b>
Charge for the year	3,512	38	19,373	-	<b>22,923</b>
Disposals	(754)	(2,367)	(40,888)	-	<b>(44,009)</b>
At 31 December 2021	<b>59,389</b>	<b>1</b>	<b>277,950</b>	-	<b>337,340</b>
<b>Net book value</b>					
At 31 December 2021	<b>66,030</b>	<b>(1)</b>	<b>205,222</b>	<b>37,186</b>	<b>308,437</b>
At 31 December 2020	55,058	690	165,183	73,357	294,288

Borrowing costs amounting to £nil (2020: £nil) have been included in the cost of tangible fixed assets.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 11. Other investments and loans

	2021 £'000	2020 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings*	80,000	80,000
<b>Loans and other receivables</b>	<b>80,000</b>	<b>80,000</b>

\*Amounts owed by group undertakings includes a loan of £80,000,000 (2020: £80,000,000) made to a fellow intercompany partner. The loan is callable on demand by both the borrower and lender and matures in September 2025 with a fixed interest rate of 0.45%.

### 12. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables*	10,397	10,865

\*Includes obsolete provision £908,000 (2020: £1,777,000)

### 13. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	94,367	101,543
Amounts owed by group undertakings*	228,353	216,916
Corporation tax	1,961	-
Other debtors	2,117	2,215
Prepayments and accrued income	1,403	2,554
	<b>328,201</b>	<b>323,228</b>

\*Amounts owed by group undertakings falling due within one year are trade related balances. These balances are recoverable under 60-day terms from the date of the invoice.



# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 14. Creditors – amounts falling due within one year

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Supply chain finance*	5,895	3,999
Trade creditors**	42,216	37,825
Amounts owed to group undertakings	236,454	222,832
Other taxation and social security	9,563	24,764
Corporation tax payable	-	1,009
Other creditors	254	272
Accruals and deferred income	62,187	61,918
	<b>356,569</b>	<b>352,619</b>

\*Supply chain finance is offered through banking group facilities. This facility allows suppliers to obtain payment from the bank ahead of commercially agreed payment terms.

\*\*Amounts due to group undertakings falling due within one year are trade related balances. These balances are payable under 60-day terms from the invoice date. There's no impact on liquidity as Kimberly-Clark limited will in turn make payment to its bank on the due date of the invoice.

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

	2021 £'000	2020 £'000
Amounts falling due after more than one year:		
Accruals and deferred income	521	617
	<b>521</b>	<b>617</b>

### 16. Provisions for liabilities

	Restructuring provision £'000	Deferred taxation £'000	Total £'000
At 1 January 2021	9,954	14,194	24,148
Utilised in the year	(8,258)	-	(8,258)
Charged to profit and loss account	2,638	15,097	17,735
Credited to other comprehensive income	-	(7,040)	(7,040)
Change in prior year estimation	(990)	(379)	(1,369)
At 31 December 2021	<b>3,344</b>	<b>21,872</b>	<b>25,216</b>

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 16. Provisions for liabilities (*continued*)

Deferred tax is provided as follows:

	2021 £'000	2020 £'000
Fixed asset timing differences	8,965	10,209
Short term timing differences	(798)	(796)
Defined benefit pension scheme	13,705	4,781
	<b>21,872</b>	<b>14,194</b>

The restructuring provisions are payable within 12 months (see note 5). Deferred tax liability relates to a timing difference for when tax is due to be paid, which is expected after 12 months.

### 17. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2021 £'000	2020 £'000
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#### Financial assets

Measured at undiscounted amount receivable

- Trade and other debtors (note 13)	96,484	103,758
- Amounts due from group undertakings (note 11 and note 13)	310,314	296,916
	<b>406,798</b>	<b>400,674</b>

	2021 £'000	2020 £'000
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#### Financial liabilities

- Supply chain finance (note 14)	5,895	3,999
- Trade and other creditors (note 14)	42,470	38,097
- Amounts owed to group undertakings (note 14)	236,454	222,832
	<b>284,819</b>	<b>264,928</b>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 17. Financial instruments (continued)

	2021 £'000	2020 £'000
<b>Interest income and expense</b>		
Total interest income for financial assets at amortised cost	365	165
Total interest expense for financial assets at amortised cost	677	1,054

### 18. Called-up share capital and reserves

	2021 £'000	2020 £'000
Allotted, called-up and fully paid		
213,402,300 ordinary shares of £1 each	213,402	213,402
7,597,700 0% redeemable preference shares of £1 each	7,598	7,598
	<u>221,000</u>	<u>221,000</u>

The company has ordinary shares which carry no right to fixed income and 0% redeemable preference shares that carry no voting rights or rights to dividends, but have priority over the ordinary shares on a return of assets on liquidation or otherwise, to the extent of the nominal amount paid up. They are redeemable at the company's options at any time. No premium is payable on redemption.

The company's other reserves are as follows:

#### Profit and loss reserve:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

#### Equity reserve:

The equity reserve represents share-based payments in respect of share options issued by the ultimate parent company to its employees.

#### Capital contribution reserve:

The capital contribution reserve relates to group relief received from and surrendered to group companies for nil consideration. During the year the company did not surrender such group relief (2020: £nil).

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 19. Financial commitments

	2021	2020
Capital commitments are as follows:	£'000	£'000
Contracted for but not provided for:	4,837	5,525
	<u>4,837</u>	<u>5,525</u>

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	Other	Land and buildings	Other
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Within one year	2,987	123	1,900	372
Between one and five years	10,983	18	330	123
After five years	3,149	-	-	-
	<u>17,119</u>	<u>141</u>	<u>2,230</u>	<u>495</u>

### 20. Employee benefits

#### *Defined contribution schemes*

The company operated a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2021 was £5,209,000 (2020: £4,897,000).

#### *Defined benefit schemes*

The company operates defined benefit pension schemes and the Kimberly-Clark Pension Scheme, for qualifying employees of Kimberly-Clark Limited and other group companies within the UK. The scheme was curtailed in December 2018 as part of the global restructuring program, and no future service accruals are to be made.

The disclosures below relate to the entire defined benefit pension scheme, and encompass the employees in other UK group companies. The assets of both schemes are held in separate trustee administered funds. Under the scheme the employees are entitled to retirement benefits based on employee contributions of either 3.75% or 5% of post 2012 eligible earnings. The scheme, which is a funded scheme, is closed to new members and has been curtailed.

Under the schedule of contributions dated 05 April 2021, Kimberly-Clark Limited will make annual scheme expense contributions of £2.0m until 2024. Additional funding floor mechanism contributions will be payable in the event that the scheme's funding level as assessed each 31 December, with the next assessment as at 31 December 2022, is less than 95%.

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 20. Employee benefits (continued)

The most recent actuarial valuations of scheme assets and the present value of defined benefit obligation were carried out at 05 April 2021 by C B Rodgers, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. At the year-end the valuation was updated based on high-level groupings of membership information.

	Valuation at	
	2021	2020
Key assumptions used:		
Discount rate	1.89%	1.46%
Future pension increases	3.00%	3.00%
Inflation	3.50%	3.00%

#### Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2021 years	2020 years
Retiring today:		
Males	22.10	21.40
Females	23.60	23.40
Retiring in 20 years:		
Males	23.40	23.10
Females	25.10	25.20

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2021 £'000	2020 £'000
Current service cost	1,722	1,929
Net interest cost recognised in the profit and loss account	(398)	239
	<b>1,324</b>	<b>2,168</b>
Recognised in other comprehensive income	<b>(27,390)</b>	<b>(38,951)</b>
Total income relating to defined benefit scheme	<b>(26,066)</b>	<b>(36,783)</b>

# Kimberly-Clark Limited

## Notes to the financial statements for the year ended 31 December 2021 (*continued*)

### 20. Employee benefits (*continued*)

The amount recognised in the balance sheet arising from the company's obligation in respect of its defined benefit retirement benefit scheme is as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(1,323,369)	(1,407,896)
Fair value of scheme assets	1,377,074	1,433,058
Net asset recognised in the balance sheet	53,705	25,162

Movements in the net present value of defined benefit obligations were as follows:

	2021 £'000	2020 £'000
At 1 January	(1,407,896)	(1,309,016)
Service cost	(1,722)	(1,929)
Interest cost	(20,039)	(25,924)
Actuarial gains/(losses)	35,573	(134,972)
Benefits paid	70,715	63,945
At 31 December	(1,323,369)	(1,407,896)

Movements in the fair value of scheme assets were as follows:

	2021 £'000	2020 £'000
At 1 January	1,433,058	1,295,303
Interest income	20,437	25,685
Return on scheme assets greater/(less) than discount rate	(8,183)	173,924
Contributions from the employer	2,477	2,092
Benefits paid	(70,715)	(63,946)
At 31 December	1,377,074	1,433,058

The fair value of scheme assets at the balance sheet date was as follows:

	2021 £'000	2020 £'000
Equity instruments	248,791	347,267
Debt instruments	857,810	794,983
Other assets	270,473	290,808
	1,377,074	1,433,058

# **Kimberly-Clark Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

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### **21. Related party transactions**

Directors have taken advantage of the exemption under FRS 102 from disclosing transactions with other wholly-owned group-members. There are no other related party transactions.

### **22. Controlling party**

The directors regard Kimberly-Clark European Services Limited, a company incorporated in Great Britain as the immediate parent company and Kimberly-Clark Corporation Inc., a company incorporated in Delaware, United States of America, as the ultimate parent company and controlling entity. This is the smallest and largest group in which the company is consolidated. Copies of the consolidated financial statements of Kimberly-Clark Corporation Inc. can be obtained from PO Box 619100, Dallas, Texas, 75261-9100, USA.

### **23. Off-balance sheet arrangements**

Other than financial commitments for operating leases (see note 19) there are no other material off-balance sheet arrangements in place.