

## **Reckitt & Colman Holdings Limited**

Report and Financial Statements

Year Ended

31 December 2020

Company Number 03646806

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## Reckitt & Colman Holdings Limited

### Company Information

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<b>Directors</b>	Richard Mark Greensmith Timothy John Martel James Edward Hodges
<b>Company Secretary</b>	James Edward Hodges
<b>Registered Number</b>	03646806
<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 & Colman Holdings Limited**

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## **Reckitt & Colman Holdings Limited**

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

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The Directors of Reckitt & Colman Holdings Limited (the "Company") present their Strategic Report for the year ended 31 December 2020.

#### **Principal activities**

The Company is a member of the Reckitt group of companies (the "Group"). Previously, the Company's principal activity was to act as a holding company for other Group companies. The Company carried out the strategy intended by the Company Directors.

In 2019, the Group commenced a project to simplify its group structure by the elimination of a number of dormant or redundant companies. As part of this project, simplification of the Company's Balance Sheet followed by a solvent liquidation is being considered, which remains the intention of Directors. Accordingly, the Directors have not prepared the Financial Statements on a going concern basis. The effect of this is explained in Note 1 to the Financial Statements.

#### **Business review**

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.

#### *Financial risk management*

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

#### *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. Interest receivable/payable on loans with other Group companies is calculated at floating rates of interest on some loans with other loans being interest free. The Company'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. In prior years, the Company used forward contracts to manage its exposure to foreign currency debt as part of its treasury management activities. In the current year these contracts have been closed out.

## Reckitt & Colman Holdings Limited

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

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#### Principal risks and uncertainties (continued)

##### *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.

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

The Financial Statements for the year ended 31 December 2020 show a profit of £12,655,000 (2019 - loss of £11,701,000) which has been added to reserves (2019 - deducted from reserves).

The Directors do not recommend the payment of a dividend (2019 - interim dividend of £14,196,214k, final dividend £Nil).

#### Future developments

Subject to the conclusion of the due diligence phase, the Directors intend to make the Company dormant with the ultimate objective of placing it into liquidation.

This report was approved by the Board on 29 September 2021 and signed on its behalf.

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**Timothy John Martel**  
Director

## **Reckitt & Colman Holdings Limited**

### **Directors' Report to the members of Reckitt & Colman Holdings Limited 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 as follows:

Richard Mark Greensmith  
Simon Andrew Neville (resigned 1 July 2020)  
Jonathan Timmis (resigned 8 June 2020)  
Timothy John Martel (appointed 8 June 2020)  
Alasdair James Peach (appointed 20 July 2020, resigned 16 December 2020)  
James Edward Hodges (appointed 16 December 2020)

#### **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 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable United Kingdom accounting standards, comprising FRS 102, 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 (as explained in note 1, the Directors do not believe that it is appropriate to prepare these Financial Statements on a going concern basis).

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

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

The Company's results for the year and movements on reserves are included in the Strategic Report on page 2.

## **Reckitt & Colman Holdings Limited**

### **Directors' Report to the members of Reckitt & Colman Holdings Limited (continued) For the Year Ended 31 December 2020**

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#### **Post balance sheet events**

On 19 February 2021, the Company transferred its shares in Reckitt Benckiser N.V. to Reckitt Benckiser Investments Limited at fair market value of £12,069,300k in exchange of the issuance of a loan note of the same value ("UK Loan Note 1").

On the same day, following Board approval of an internal restructure, the immediate parent of the Company changed from Reckitt Colman Chiswick (OTC) Limited to Reckitt Benckiser Investments Limited.

On 5 May 2021, the Company capitalised part of its retained earnings by the issuance of one bonus share with a nominal value of £10,210,046,350.80.

On 6 May 2021, the Company reduced the nominal value of the bonus share from £10,210,046,350.80 to £0.01, reducing the share capital by £10,210,046,350.79 with the same amount being credited to retained earnings.

On the same day, the Company reduced the nominal value of the 75 fully paid ordinary shares from £1.00 to £0.01, reducing the share capital by £74.25 with the same amount being credited to retained earnings.

These transactions were carried out to ensure that there are sufficient distributable reserves for future distributions and the share capital reductions were carried out in accordance with Part 17, Chapter 10 of the Companies Act 2006.

On 12 May 2021, the Company made an interim distribution to its sole shareholder Reckitt Benckiser Investments Limited ("RBIL") of the release of a portion of RBIL's obligation under an interest bearing loan note in the principal amount of £10,035,119k, issued by RBIL and held by the Company as noteholder.

On the same day, the Company made an interim distribution in specie to its sole shareholder RBIL of its entire shareholding in Glasgow Square Limited.

#### **Future developments**

Subject to the conclusion of the due diligence phase, the Directors intend to make the Company dormant with the ultimate objective of placing it into liquidation.

#### **Independent auditor**

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

#### **Political contributions**

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

## Reckitt & Colman Holdings Limited

### Directors' Report to the members of Reckitt & Colman Holdings Limited (continued) For the Year Ended 31 December 2020

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#### Disclosure of information to auditor

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

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

This report was approved by the Board on 29 September 2021 and signed on its behalf.

DocuSigned by:  
*Tim Martel*  
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**Timothy John Martel**  
Director



## Reckitt & Colman Holdings Limited

### Independent Auditor's Report to the Members of Reckitt & Colman Holdings Limited

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#### Opinion

We have audited the Financial Statements of Reckitt & Colman Holdings Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1. These Financial Statements have not been prepared on the going concern basis for the reason set out 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### 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, reading Board of Directors meetings' minutes and inspection of policy documentation as to the Reckitt Benckiser Group plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the Directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that 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 as the Company has no revenues other than interest income. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries containing key words.
- Evaluated the business purpose of significant unusual transactions.

## Reckitt & Colman Holdings Limited

### Independent Auditor's Report to the Members of Reckitt & Colman Holdings Limited (continued)

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#### **Fraud and breaches of laws and regulations – ability to detect (continued)**

##### *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 and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

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 and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance 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.

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

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

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

- we have not identified material misstatements in 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.

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

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

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

We have nothing to report in these respects.

## Reckitt & Colman Holdings Limited

### Independent Auditor's Report to the Members of Reckitt & Colman Holdings Limited (continued)

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#### Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

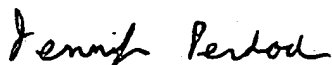
#### Auditor's responsibilities

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

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

#### 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.



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

15 Canada Square  
London  
E14 5GL

Date: 29 September 2021

## Reckitt & Colman Holdings Limited

### Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Income from shares in Group undertakings	3	13,371	-
<b>Profit before interest and tax</b>		<b>13,371</b>	<b>-</b>
Interest receivable and similar income	4	1,471	4,363
Interest payable and similar charges	5	(1,519)	(18,783)
<b>Profit/(loss) before tax</b>		<b>13,323</b>	<b>(14,420)</b>
Tax on profit/(loss)	6	(668)	2,719
<b>Profit/(loss) for the financial year</b>		<b>12,655</b>	<b>(11,701)</b>
<b>Other comprehensive income for the year</b>			
Net distributions from shares in Group undertakings		-	1,070,572
<b>Total comprehensive income for the year</b>		<b>12,655</b>	<b>1,058,871</b>

The notes on pages 12 to 24 form part of these Financial Statements.

**Reckitt & Colman Holdings Limited**

Registered number:03646806

**Balance Sheet  
As at 31 December 2020**

	Note	2020 £000	2019 £000
<b>Current Assets</b>			
Debtors due within one year	8, 11	201,495	999,510
Investments	9	12,208,561	12,208,561
		<u>12,410,056</u>	<u>13,208,071</u>
Creditors due within one year	10, 11	(2,196,815)	(3,007,485)
<b>Net Current Assets</b>		<u>10,213,241</u>	<u>10,200,586</u>
<b>Net Assets</b>		<u>10,213,241</u>	<u>10,200,586</u>
<b>Equity</b>			
Share capital	12	-	-
Retained earnings		10,213,241	10,200,586
<b>Total Equity</b>		<u>10,213,241</u>	<u>10,200,586</u>

The notes on pages 12 to 24 form part of these Financial Statements.

The Financial Statements on pages 9 to 24 were approved and authorised for issue by the Board and were signed on its behalf on 29 September 2021.

DocuSigned by:

*Tim Martel*

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**Timothy John Martel**  
Director

## Reckitt & Colman Holdings Limited

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

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2020	-	10,200,586	10,200,586
<b>Comprehensive income</b>			
Profit for the financial year	-	12,655	12,655
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	12,655	12,655
<b>Total transactions with owners</b>	-	-	-
<b>Balance at 31 December 2020</b>	-	10,213,241	10,213,241

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

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2019	-	23,337,929	23,337,929
<b>Comprehensive income</b>			
Loss for the financial year	-	(11,701)	(11,701)
Other Comprehensive income for the year	-	1,070,572	1,070,572
<b>Total comprehensive income for the year</b>	-	1,058,871	1,058,871
Dividends paid	-	(14,196,214)	(14,196,214)
<b>Total transactions with owners</b>	-	(14,196,214)	(14,196,214)
<b>Balance at 31 December 2019</b>	-	10,200,586	10,200,586

The notes on pages 12 to 24 form part of these Financial Statements.

## Reckitt & Colman Holdings Limited

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

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#### 1. Accounting Policies

##### 1.1 General Information

Reckitt & Colman Holdings Limited is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is given on the Company Information page at the beginning of these statutory Financial Statements. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

##### 1.2 Statement of Compliance

The Financial Statements have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102, "*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*" ("FRS 102") and the Companies Act 2006.

##### 1.3 Basis of Preparation

As discussed in the Principal activities section of the Strategic Report, in 2019 the Group commenced a project to simplify its group structure by the elimination of a number of dormant or redundant companies. As part of this project, the Company is being considered for solvent liquidation which remains the intention of the Directors. Accordingly, the Directors have not prepared the Financial Statements on a going concern basis. This is consistent with the prior year basis of preparation.

The Financial Statements have been prepared on a breakup basis as at 31 December 2020. As a consequence, the current assets have been measured and presented at their realisable values. The current liabilities are measured and presented at their expected settlement values. No adjustments were necessary in the current year. The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 2).

##### 1.4 Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 102 for qualifying entities:

- the requirements of section 3 Financial Statement Presentation paragraph 3.17(d) and section 7 Statement of Cash Flows not to prepare a Statement of Cash Flows; and
- the requirements of section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

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 <https://www.reckitt.com>.

## **Reckitt & Colman Holdings Limited**

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

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

##### **1.5 Consolidation**

The Financial Statements contain information about Reckitt & Colman Holdings Limited 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.

##### **1.6 Foreign Currency Balances**

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

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in a foreign currency are translated into Sterling at the exchange rate ruling on the Balance Sheet date or, if appropriate, at a forward contract rate.

##### **1.7 Interest**

Interest receivable 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 receivable is credited to the Statement of 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. Interest payable is debited to the Statement of Comprehensive Income on recognition.

##### **1.8 Taxation**

Tax is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

##### **1.9 Dividend paid**

Dividend distributions to equity shareholders are recognised as a liability in the period in which the dividends are approved by the Company's Directors. These amounts are recognised in the Statement of Changes in Equity. Dividends declared after the Balance Sheet date are not recognised as there is no present obligation at the Balance Sheet date.



## **Reckitt & Colman Holdings Limited**

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

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

##### **1.10 Investments**

###### **Initial Recognition**

The Company recognises investments using the cost model, under FRS 102. This means that the Company recognises investments at their cost.

Under FRS 102, if investments are received for no consideration, for example, as a distribution the receiving company will be required to recognise the investments at nil value as there has not been a cost in acquiring the investments.

An exception to this occurs if a transfer of an asset from a subsidiary results in a diminution of value of the subsidiary to less than its carrying value in the parent's Financial Statements. In that case, there has been no overall loss to the parent company and so, the Directors are of the view that the resulting "impairment" should be added to the carrying amount of the investment received.

###### **Subsequent Measurement**

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

Gains or losses arising from changes in the foreign exchange retranslation of the hedged item and instrument are presented net in the statement of comprehensive income within "Interest receivable and similar income" or "Interest payable and similar charges" in the period in which they arise.

## Reckitt & Colman Holdings Limited

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

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#### 1. Accounting Policies (continued)

##### 1.11 Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual obligations of the instrument.

###### (a) Financial Assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts. Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

###### (b) Financial Liabilities

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

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

###### (c) Derivative Financial Instruments

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in interest receivable and deferred income or interest payable and deferred expense as appropriate, unless they are included in a hedging arrangement.

## Reckitt & Colman Holdings Limited

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

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#### 1. Accounting Policies (continued)

##### 1.12 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 Statement of 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 FRS102 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 Statement of 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 Statement of Comprehensive Income net of the impairment charge relating to the subsidiary from which the dividend was received.

#### 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 estimates and judgement:

- Determine whether there are indicators of impairment of the Company's investments. Factors taken into account are net assets for financing and holding companies and enterprise value for trading companies.

The Company's Directors are of the opinion that there are no further judgements and no further 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 & Colman Holdings Limited

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

#### 3. Profit before interest and tax

	2020 £000	2019 £000
Net income from shares in Group undertakings	13,371	-

On 30 April 2020, the Company received an interim distribution from its subsidiary Reckitt Benckiser (Near East) Limited for a total amount of £13,371k.

In the prior year, the Company received a distribution of loan receivables from Reckitt Benckiser NV Limited of a total amount of £14,192,214k. As a result of these distributions, the Company's investments in subsidiaries have been impaired by £13,125,642k. These transactions have been recognised in Other Comprehensive Income.

#### 4. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from Group undertakings	1,471	4,029
Net exchange gains	-	334
	<u>1,471</u>	<u>4,363</u>

#### 5. Interest payable and similar charges

	2020 £000	2019 £000
Interest payable to Group undertakings	514	17,572
Net exchange losses	376	-
Fair value movements on forward contracts	629	1,211
	<u>1,519</u>	<u>18,783</u>

## Reckitt & Colman Holdings Limited

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

#### 6. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profit/(loss) for the financial year	-	(2,673)
Adjustments in respect of previous periods	-	(70)
	<u>-</u>	<u>(2,743)</u>
<b>Foreign tax</b>		
Foreign withholding tax	668	24
<b>Total current tax</b>	<u>668</u>	<u>(2,719)</u>
<b>Tax on profit/(loss)</b>	<u>668</u>	<u>(2,719)</u>

#### Reconciliation of tax charge/(credit)

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

	2020 £000	2019 £000
Profit/(loss) before tax	13,323	(14,420)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,531	(2,740)
<b>Effects of:</b>		
Adjustments in respect of previous periods	-	(70)
Withholding tax on exempt dividends	668	24
Income not taxable	(2,540)	-
Transfer pricing adjustments	6	67
Group relief for nil payment	3	-
<b>Total tax charge/(credit) for the year</b>	<u>668</u>	<u>(2,719)</u>

#### Factors that may affect future tax charges

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 substantively enacted in The Finance Bill 2021 on 24 May 2021 after the Balance Sheet date.

## Reckitt & Colman Holdings Limited

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

#### 7. Dividends

	2020 £000	2019 £000
Interim dividends paid of £Nil (2019 - £189,282,859.53) per share	-	14,196,214

#### 8. Debtors due within one year

	2020 £000	2019 £000
Amounts owed by Group undertakings	201,495	629,185
Intergroup derivative asset	-	370,325
	<u>201,495</u>	<u>999,510</u>

Included in the amounts owed by Group undertakings due within one year is an amount of £153,677k (2019 - £153,488k) which is unsecured, interest bearing at 3M LIBOR and repayable on demand (2019 - same).

Also included is an amount of £45,144k (2019 - £45,144k) which is unsecured, interest bearing at 3M LIBOR less a margin of 0.125% and repayable on demand (2019 - same).

Also included in the prior year was an amount of £426,256k which was unsecured, interest bearing at 3M LIBOR less a margin of 0.125% and repayable on demand.

All other amounts owed by Group undertakings due within one year are unsecured, repayable on demand and interest free (2019 - same).

In the prior year, the intergroup derivative represented intergroup forward contracts which were held at fair value through the Statement of Comprehensive Income. The fair value of forward contracts was determined using forward exchange rates at the Balance Sheet date, with the resulting value discounted back to present value.

Historically, the Company entered into currency contracts to mitigate the exchange risk on certain other internal GBP:USD denominated forward contracts. It committed to buy USD \$3,895,900k for £2,539,486k at an exchange rate of £1/\$1.5341295 value which matured on 15 December 2020. The forward currency contracts were measured at fair value, which was determined using valuation techniques that utilised observable inputs. The key inputs used in valuing the derivatives were GBP:USD forward exchange rates and sterling rate curves. The present value of the forward currency contracts in the prior year was £370,325k.

## Reckitt & Colman Holdings Limited

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

#### 9. Current asset investments

	Shares in Group undertakings £000
<b>Cost</b>	
At 1 January 2020	25,334,203
	<hr/>
At 31 December 2020	25,334,203
	<hr/>
<b>Impairment</b>	
At 1 January 2020	13,125,642
	<hr/>
At 31 December 2020	13,125,642
	<hr/>
<b>Net book value</b>	
At 31 December 2020	12,208,561
	<hr/>
At 31 December 2019	12,208,561
	<hr/> <hr/>

In the prior year, the carrying amount of the investments in subsidiary undertakings was reclassified from fixed assets to current assets as the Company is being considered for solvent liquidation. Refer to page 1 of the Strategic Report.

#### Direct Subsidiary Undertakings

The following are direct subsidiary undertakings of the Company:

Name	Class of shares	Holdings	Registered office
Glasgow Square Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt Benckiser N.V.	Ordinary	100 %	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands
Reckitt Benckiser (Near East) Limited	Ordinary	100 %	6A Hangar Street, PO Box 6440, I.Z. Neve Nee'man B

The Directors believe that the carrying value of the investments is supported by their net assets for holding and finance companies and enterprise value for trading companies.

## Reckitt & Colman Holdings Limited

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

#### 9. Current asset investments (continued)

##### Indirect Subsidiary Undertakings and Other Participating Interests

The following are indirect subsidiary undertakings of the Company:

Name	Class of shares	Holdings	Registered office
PT Reckitt Benckiser Indonesia	Ordinary	100 %	Gedung Treasury Tower, District 8, Level 58, SCBD Lot 28 Jalan Jend. Sudirman Kav. 52-53, Kel. Senayan Kec. Kebayoran Baru, Kota, Adm Jakarta Selatan, Prov DKI Jakarta Indonesia
Reckitt Benckiser Luxembourg (No.1) Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
RB Holdings (Luxembourg) S.à.r.l.	Ordinary	100 %	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg
Reckitt Benckiser Luxembourg (No.2) Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Winchester Square Holdings S.à.r.l.	Ordinary	100 %	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg
Reckitt and Sons Limited	Ordinary	64.90 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt Benckiser S.à.r.l.	Ordinary	100 %	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg
Reckitt Benckiser Europe General Partnership	Partnership	87.54 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt Benckiser Europe General Partnership, Slough (UK), Wallisellen Branch – Swiss Branch	-	87.54 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt Benckiser Luxembourg (2010) Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt Benckiser Investments (No.8) S.à.r.l.	Ordinary	100 %	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg
RB Winchester (Ireland) Unlimited Company	Ordinary	100 %	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
Reckitt Benckiser N.V. Luxembourg Branch	-	100 %	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg



## Reckitt & Colman Holdings Limited

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

#### 10. Creditors due within one year

	2020 £000	2019 £000
Amounts owed to Group undertakings	2,196,815	2,548,757
Intergroup derivative liability	-	458,728
	<u>2,196,815</u>	<u>3,007,485</u>

Included in the amounts owed to Group undertakings due within one year is an amount of £2,189,871k (2019 - £Nil) which is unsecured, repayable on demand and interest bearing at 3M LIBOR plus 0.25%.

Also included in the amounts owed to Group undertakings due within one year is an amount of £6,944k (2019 - £6,625k) which is unsecured, repayable on demand and interest bearing at LIBOR (2019 - same).

Also included in the prior year was an amount of £2,542,132k which was unsecured, repayable on demand and interest bearing at 3M LIBOR minus 0.125%.

In the prior year, the intergroup derivative represented intergroup forward contracts which were held at fair value through the Statement of Comprehensive Income. The fair value of forward contracts is determined using forward exchange rates at the Balance Sheet date, with the resulting value discounted back to present value.

Historically, the Company entered into currency contracts to mitigate the exchange risk on certain other internal GBP:USD denominated forward contracts. It committed to sell USD \$1,018,000k for £640,304k, USD \$1,701,088k for £1,070,088k and US\$1,176,600k for £740,061k all at an exchange rate of £1/\$1.5899 value which matured on 15 December 2020. The forward currency contracts were measured at fair value, which was determined using valuation techniques that utilised observable inputs. The key inputs used in valuing the derivatives were GBP:USD forward exchange rates and sterling rate curves. The present value of the forward currency contracts in the prior year were liabilities of £119,866k, £200,322k and £138,540k respectively.

# Reckitt & Colman Holdings Limited

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

### 11. Financial Instruments

	2020 £000	2019 £000
<b>Financial Assets</b>		
Derivatives financial instruments measured at fair value through profit or loss	-	370,325
Financial assets that are debt instruments measured at amortised cost	201,495	629,185
	<u>201,495</u>	<u>999,510</u>
<b>Financial Liabilities</b>		
Derivatives financial instruments measured at fair value through profit or loss	-	(458,728)
Financial liabilities measured at amortised cost	(2,196,815)	(2,548,757)
	<u>(2,196,815)</u>	<u>(3,007,485)</u>

### 12. Share Capital

	2020 £000	2019 £000
<b>Issued and fully paid</b>		
75 (2019 - 75) Ordinary shares of £1 each	-	-

### 13. Directors and Employees

During the year the Company had 6 Directors resident in the UK, none of whom received any emoluments in respect of services to the Company (2019 - 3 Directors, no emoluments).

The Company had no employees during the current or prior year and consequently did not incur any expenditure in respect of wages and salaries, social security costs or other pension costs.

### 14. Ultimate Parent Undertaking and Controlling Party

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

On 19 February 2021, following Board approval of an internal restructure, the immediate parent of the Company changed from Reckitt Colman Chiswick (OTC) Limited to Reckitt Benckiser Investments Limited.

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 can be obtained from 103-105 Bath Road, Slough, Berkshire, SL1 3UH, or at <https://www.reckitt.com>.

## Reckitt & Colman Holdings Limited

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

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#### 15. 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 £6k (2019 - £6k).

#### 16. Post Balance Sheet Events

On 19 February 2021, the Company transferred its shares in Reckitt Benckiser N.V. to Reckitt Benckiser Investments Limited at fair market value of £12,069,300k in exchange of the issuance of a loan note of the same value ("UK Loan Note 1").

On the same day, following Board approval of an internal restructure, the immediate parent of the Company changed from Reckitt Colman Chiswick (OTC) Limited to Reckitt Benckiser Investments Limited.

On 5 May 2021, the Company capitalised part of its retained earnings by the issuance of one bonus share with a nominal value of £10,210,046,350.80.

On 6 May 2021, the Company reduced the nominal value of the bonus share from £10,210,046,350.80 to £0.01, reducing the share capital by £10,210,046,350.79 with the same amount being credited to retained earnings.

On the same day, the Company reduced the nominal value of the 75 fully paid ordinary shares from £1.00 to £0.01, reducing the share capital by £74.25 with the same amount being credited to retained earnings.

These transactions were carried out to ensure that there are sufficient distributable reserves for future distributions and the share capital reductions were carried out in accordance with Part 17, Chapter 10 of the Companies Act 2006.

On 12 May 2021, the Company made an interim distribution to its sole shareholder Reckitt Benckiser Investments Limited ("RBIL") of the release of a portion of RBIL's obligation under an interest bearing loan note in the principal amount of £10,035,119k, issued by RBIL and held by the Company as noteholder.

On the same day, the Company made an interim distribution in specie to its sole shareholder RBIL of its entire shareholding in Glasgow Square Limited.