Independent Auditor’s Report to the Members of Reckitt Benckiser Group plc

Our opinion is unmodified

We have audited the financial statements of Reckitt Benckiser Group plc (“the Company”) for the year ended 31 December 2018 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement, and the related notes, including accounting policies in Note 1, and the Parent Company Balance Sheet, Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies in Note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2018 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Additional opinion in relation to IFRS as issued by the IASB:

As explained in Note 1 to the Group financial statements, the group, in addition to complying with its legal obligation to apply IFRS as adopted by the EU, has also applied IFRS as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements have been properly prepared in accordance with IFRS as issued by the IASB.

Basis for opinion

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

We were first appointed as auditor by the Shareholders on 3 May 2018. Therefore the year ended 31 December 2018 is our first year acting as auditor. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£140 million 4.6% of adjusted Group profit before tax
Coverage	82% of Group net revenue and 77% of total profits and losses that made up Group profit before tax
Risks of material misstatement	
Key audit matters	Recoverability of goodwill and indefinite life intangible assets relating to IFCN
	Revenue recognition in relation to trade spend
	Provision for uncertain tax positions
	Liabilities and contingent liabilities arising from ongoing investigations by the US Department of Justice (DoJ) and the South Korea Humidifier Sanitizer (HS) issue
	Classification of exceptional items
	Recoverability of Parent Company’s investment in subsidiaries

1. Key audit matters: our assessment of risks of material misstatement

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

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets relating to IFCN (£16,407 million; 2017: £15,868 million) *Refer to page 84 (Audit Committee Report), pages 145-146 (accounting policy) and pages 159-162 (financial disclosures).*	**Forecast-based valuation:** The recoverability of goodwill and indefinite life intangible assets relating to IFCN is assessed using forecast financial information within a discounted cash flow model ("the model") that is highly sensitive to changes in key assumptions. As disclosed in Note 9, there exists a reasonably plausible set of changes in these assumptions that would result in the recognition of an impairment well in excess of our materiality for the financial statements as a whole and possibly many times that amount. It is common for goodwill and other indefinite life intangible assets recognised on a recent business combination to be sensitive to impairment. However, in 2018 the risk of impairment relating to IFCN is heightened because: • the key drivers of product category growth for IFCN, birth rates and GDP growth, have seen actual and forecast declines in China, a significant market; and • the temporary disruption at the European manufacturing plant in the third quarter of 2018 resulted in underperformance against forecasts in 2018. The impact of the disruption is expected to continue into 2019, in China in particular, as the supply chain recovers and due to loss of future consumer demand arising from on-shelf availability shortages. The model forecasts the successful execution of the Group's 'sustainable outperformance' strategy. IFCN management must gain market share, deliver forecast synergies and improve EBIT margins. In addition, the model is highly sensitive to external factors such as changes in the growth of the product category as a whole, discount rates and terminal growth rate assumptions.	**Our procedures included:** **Sensitivity analysis:** We considered the sensitivity of each assumption, identified changes to these assumptions since previous forecasts, and focused our attention on those assumptions we considered to be most sensitive, judgemental or otherwise prone to management bias. **Benchmarking assumptions:** We critically evaluated the bridge between net revenue growth assumptions within the model and management's forecast growth for the product category as a whole. We benchmarked those forecasts against external market data and considered the extent to which they reflected the latest sentiment on birth rates and GDP growth in China. We benchmarked the terminal growth assumptions against long-term estimates of GDP growth and inflation in key markets. **Historical comparisons:** • We reviewed the performance of IFCN since acquisition against plan and evaluated this in relation to forecast growth. In relation to the temporary disruption at the European manufacturing plant, we assessed the impact on 2018 results, reviewed management's evaluation of the impact on forecast growth and how this was incorporated in the model. • We challenged the Directors on the ability of the Group's innovation pipeline to deliver forecast revenue growth by assessing the Group's past experience in bringing new or improved products to market, and evaluated how that experience can be applied to the IFCN product category. • We critically challenged the EBIT margin projections by reference to those achieved historically, forecast volume growth and with reference to forecast and achieved synergies to date. **Our sector experience:** We evaluated the robustness and available capacity of the supply chain to support revenue growth projections, in light of the temporary disruption at the European manufacturing plant during the year and forecast maintenance spend.

1. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets relating to IFCN (continued)		**Our valuation expertise:** We independently derived a reasonable range of appropriate discount rates with the assistance of our valuation experts, compared these to those calculated by the Directors and identified any differences in assumptions between the calculations. We challenged the Group on any such differences and assessed the discount rate in relation to our appropriate range and those utilised in previous valuations. **Assessing transparency:** We considered the adequacy of the disclosures provided by Note 9 of the consolidated financial statements in relation to relevant accounting standards, paying particular attention to ensuring the sensitivity disclosures appropriately reflect an acceptable recoverable amount of these assets and sufficiently highlight the potentially material impairment that could result from reasonably plausible changes in key assumptions. **Our findings** We found the resulting estimate of the carrying value of goodwill and indefinite life intangible assets to be acceptable.

1. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Revenue recognition in relation to trade spend Net Revenue; Trade spend accrual (£1,025 million; 2017: £905 million) *Refer to page 84 (Audit Committee Report), page 144 (accounting policy) and page 179 (financial disclosures).*	**Subjective estimate:** As is industry practice, the Group enters into numerous types of complex commercial arrangements with retailers and other customers to offer product promotions and discounts. Revenue is measured net of estimated rebates and discounts earned by customers on the Group's sales. Trade spend arrangements have varying terms and levels of complexity – with some requiring a significant level of judgement – depending primarily on local practice, the customer, or product category. Some arrangements are supported by annual contracts or joint business plans, whilst others may be shorter term agreements entered into and concluded during the year. Where activity spans a year end, judgement may be required to estimate the timing and amount of trade spend accrued but not settled at the year end. These judgements impact on reported net revenue and operating profit, both of which are key performance indicators for management incentive schemes. Therefore, there is a risk that net revenue and operating profit may be misstated either through error, or as a result of manipulation of rebates and discounts accruals arising from the pressure management may feel to achieve performance targets.	**Our procedures included:** **Accounting policies:** Assessed the appropriateness of the Group's revenue recognition accounting policies, including the recognition criteria for trade spend. **Tests of details:** Risk-based selection or representative sampling of trade spend accruals and performed the following: • Identified the key assumptions underpinning the calculation for each accrual selected, such as forecast volume or margin levels at the customer; • Evaluated within the Group's markets, the process for developing the estimate; • Agreed certain assumptions used in making the estimate to relevant documentation, such as EPOS data or customer contracts; and • Challenged the appropriateness of the assumptions used in the calculation of the estimate. **Test of details:** Assessed the completeness of trade spend accruals on a sample basis by obtaining supporting documentation for rebates settled after the year end date. **Historical comparisons:** Evaluated the accuracy of previous trade spend accruals calculated by the Group comparing the prior year end trade spend accrual to the actual trade spend incurred. **Our sector experience:** Challenged the Group's assumptions used in estimating trade spend accruals using our industry experience and our experience in those countries in which it operates. **Assessing disclosures:** Assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the trade spend accrual and the amount of trade spend recognised. **Our findings** We found the trade spend accrual and related expense recognised to be acceptable.

1. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Provision for Uncertain Tax Positions (UTPs) *Refer to page 84 (Audit Committee Report), page 144 (accounting policy) and page 179 (financial disclosures).*	**Subjective valuation:** Due to the Group operating across a number of different tax jurisdictions, and the complexities of transfer pricing and other international tax legislation, it is subject to periodic challenge by local tax authorities on a range of tax matters arising in the normal course of business. These challenges by the local tax authorities include but are not limited to: • Transfer pricing arrangements relating to one of the Group's key operating models; • Transfer pricing arrangements relating to the ownership of intellectual property rights that are used across the Group; • Deductibility of interest on intra-group borrowings; and • The European Commission's ongoing State Aid investigations into transfer pricing ruling practices of certain member states. Accruals for tax contingencies require the Directors to make judgements and estimates in relation to tax issues and exposures. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of uncertain tax positions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	**Our procedures included:** **Our tax expertise:** Used our own international and local tax specialists to: • Inspect and assess the centrally prepared transfer pricing policies to ensure they reflect the risks, activities and substance of each of the entities within the supply chain; and • Assess the Group's tax positions, its correspondence with the relevant tax authorities, and to analyse and challenge the assumptions used to determine provisions for tax uncertainties based on our knowledge and experiences of the application of the tax legislation. **Historical comparisons:** Assessed the historical accuracy of the provision level following any recent court judgements and results of relevant tax authority audits on the remaining provision. **Assessing transparency:** Assessed the adequacy of the Group's disclosures in respect of uncertain tax positions. **Our findings** We found the level of tax provisioning to be acceptable.

1. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Liabilities and contingent liabilities arising from ongoing investigations by the US Department of Justice (DoJ) and the South Korea Humidifier Sanitizer (HS) issue *Refer to page 84 (Audit Committee Report), page 148 (accounting policy) and pages 177-179 (financial disclosures).*	**Subjective estimate and dispute outcome:** The Group is involved in ongoing investigations by the DoJ and in 2017 recognised a liability for USD$400 million. The Group determined that there were no developments during 2018 which would require a change in the amount of the liability held. There is significant judgement associated with determining the need for, and the size of, provisions for liabilities arising from these investigations. As a result, there is a risk that the final cost to the Group may be substantially more than the liability. In addition the Group is subject to ongoing investigations relating to the HS issue in South Korea. The Korean Ministry of the Environment (MOE) continue their categorisation of victims for a number of injuries which may give rise to further liabilities. There is significant judgement associated in particular with determining the need for, and the size of, liabilities for asthma-related injury and other potential lung and non-lung injuries. The effect of the DoJ and HS matter is that, as part of our risk assessment, we determined that the provision liabilities and contingent liabilities have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	**Our procedures included:** **DoJ investigation** **Enquiry of lawyers:** We enquired of the Group and Parent Company's General Counsel to obtain an understanding of the investigation, the status of the discussions, and the potential outcome. Performed enquiries with external counsel to ascertain the reasonableness of the Directors' assertion in respect of the likely outcome. We also received formal confirmations from external counsel. **Assessing disclosures:** Assessed the adequacy of the Group's disclosures in relation to the DoJ investigation. **HS Issue** **Enquiry of lawyers:** We enquired of the Group and Parent Company's General Counsel and reviewed steering committee minutes to obtain an understanding of the facts in relation to the HS issue and we obtained the Directors' assessment of whether further liabilities are required in respect of asthma-related injury and other potential lung and non-lung injuries. We inspected correspondence from and performed enquiries of external counsel to ascertain the reasonableness of the Directors' assertion in respect of the likely outcome. We also received formal confirmations from external counsel. **Independent re-performance:** Developed an independent expectation of the HS provision by using historical payment data and historical victim categorisation data to calculate the expected payments to be made to victims to challenge the valuation and completeness of the liabilities recognised by the Group. **Sensitivity analysis:** Performed sensitivity analysis on the assumptions used to create our independent expectation to determine if a reasonably possible change in assumptions would materially alter the liability level. **Assessing disclosures:** Assessed whether the Group's disclosures adequately disclose the liabilities and contingent liabilities of the Group. **Our findings** The results of our testing were satisfactory and we considered the liabilities recognised and contingent liabilities to be acceptable.

1. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Classification of Exceptional Items (£188 million expense; 2017: £3,891 million income) *Refer to page 84 (Audit Committee Report), pages 144-145 (accounting policy) and pages 153-154 (financial disclosures).*	**Presentation appropriateness:** The Group separately presents 'exceptional items' as a note to the Group Income Statement and these items are excluded from management's reporting of the underlying results of the business. The reasoning behind this presentation is set out in the notes to the Group financial statements. Exceptional items are not defined by IFRS and therefore the identification and presentation of these as exceptional requires judgement, and has a direct impact on underlying results which are used to determine certain management incentive targets.	**Our procedures included:** **Assessing principles:** We challenged management's rationale for the designation of certain items as exceptional and assessed such items against the Group's accounting policy, considering the nature and value of items. **Assessing application:** We assessed the consistency of application of this policy and obtained corroborative evidence on a sample basis to support the presentation of these items as 'exceptional'. **Assessing transparency:** We assessed whether the accounting policy for exceptional items is clearly and accurately described and whether the exceptional items are discussed with sufficient clarity in the annual report as a whole. **Our findings** We found the presentation of exceptional items to be acceptable.

1. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of Parent Company's investment in subsidiaries (£14,949 million; 2017: £14,925 million) *Refer to page 197 (accounting policy) and page 199 (financial disclosures).*	**Low risk, high value** The carrying amount of the Parent Company's investments in subsidiaries represents 99.7% (2017: 99.7%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	**Our procedures included:** **Tests of detail:** Comparing the carrying amount of 100% of the total investment balance with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. **Assessing subsidiary audits:** Assessing the work performed by the subsidiary audit teams on a sample of those subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets. **Our findings** We found the Group's assessment of the recoverability of the investment in subsidiaries to be acceptable.

2. Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the group financial statements as a whole was set at £140 million, determined with reference to a benchmark of adjusted group profit before tax as defined in note 3, of which it represents 4.6%.

Materiality for the Parent Company financial statements as a whole was set at £75 million determined with reference to a benchmark of Company total assets of which it represents 0.5%.

In addition, we applied materiality of £22.5 million to the classification of exceptional items for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

We agreed with the Audit Committee that we would report to the Committee any corrected or uncorrected identified misstatements exceeding £7 million, in addition to other identified misstatements that warranted, in our view, reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that are identified when assessing the overall presentation of the financial statements.

Scope

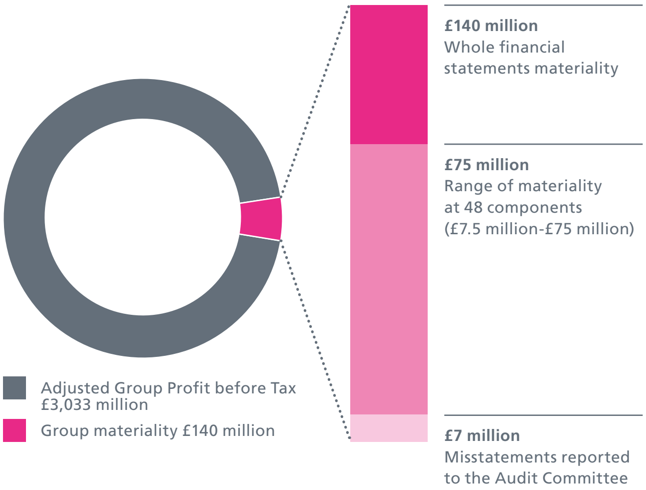
The Group operates in more than 60 countries across 6 continents with the largest footprint being in the US and China, and from 1 January 2018 is organised into two business units being Health and Hygiene Home.

We scoped the audit by obtaining an understanding of the Group and its environment and assessing the risk of material misstatement at the Group and component level. Specifically we instructed component auditors to complete a trade spend questionnaire where they would perform an analysis into the characteristics, complexity and relative materiality of accruals held locally to aid our risk assessment.

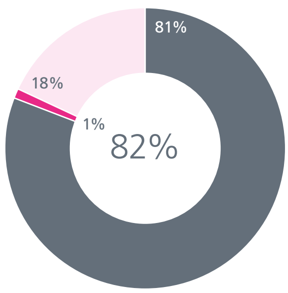
We have considered components on the basis of their contribution to Group net revenue and total profits and losses that made up Group profit before tax, and including whether we had sufficient coverage over each business unit and the specific risks in the components. Of the Group's 368 reporting components, component teams in 23 countries subjected 44 to full scope audits for group purposes, 3 to specified risk-focused audit procedures including procedures over net revenue, trade spend, inventory, cost of sales, PPE, and cash and 1 to audit of account balance over inventory, cost of sales, PPE, and cash. The latter 4 components were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

Adjusted Group Profit before Tax
£3,033 million

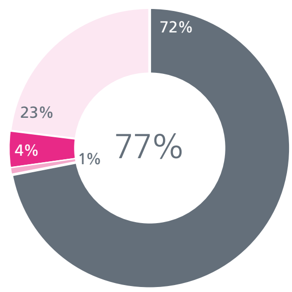
Group materiality
£140 million



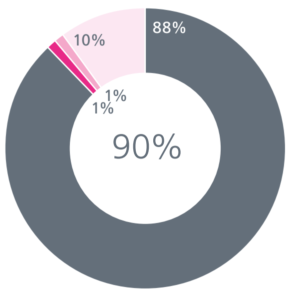
Group net revenue



Total profits and losses that made up Group profit before tax



Group total assets



Key:
- Full scope for Group audit purposes 2018
- Specified risk-focused procedures 2018
- Audit of account balances 2018
- Residual components

2. Our application of materiality and an overview of the scope of our audit continued

The remaining 18% of Group net revenue, 23% of total profits and losses that made up Group profit before tax and 10% of Group total assets is represented by a number of reporting components, none of which individually represented more than 1% of any of Group net revenue, Group profit before tax or Group total assets. For these residual 320 components, we performed analysis at an aggregated Group level and performed unpredictable procedures at the component level to re-examine our assessment that there were no significant risks of material misstatement within these.

Team Structure

The Group team led a global audit planning conference to discuss key audit risks and to obtain input from component and other participating locations.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £7.5 million to £75 million, having regard to the mix of size and risk profile across the components.

The work on 45 of the 48 components was performed by component auditors and the rest, including the audit of the Group's treasury company and the Parent Company both located in the UK, were performed by the Group team.

The Senior Statutory Auditor or a senior member of the group team visited 21 countries which represents 43 reporting components of the 48 in scope for Group reporting purposes. The visits included assessing the audit risk and strategy and attending a balance sheet review with Group management, local management and component auditors. Video or telephone conference meetings were also held with these component auditors and the two others that were not physically visited throughout the conduct of the audit. This included attending the year end clearance meetings. At these visits and meetings, the findings reported to the Group team were discussed in more detail. In addition we reviewed the component auditors' key working papers, including assessing the trade spend risk identified against the work performed, and any further work required by the Group team was then performed by the component auditor.

We attended via telephone calls balance sheet review meetings for 7 components not in scope for the Group audit as part of our unpredictable procedures, to reconfirm our risk assessment and to further enhance our understanding of the business in our first year of engagement.

3. We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Inability to innovate and organically drive top line growth;
- The impact of a significant business continuity issue affecting the Group's manufacturing facilities or those of its suppliers; and
- A product safety issue leading to reputational damage with customers, consumers or regulators.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as erosion of customer or supplier confidence and the impact of Brexit, which could result in a rapid reduction of available financial resources.

3. We have nothing to report on going concern continued
Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 123 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

4. We have nothing to report on the other information in the Annual Report
The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Strategic report and Directors' Report
Based solely on our work on the other information:

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

Directors' Remuneration Report
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement page 56-57 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risk management framework disclosures describing these material existing and emerging risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures
We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

5. We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

6. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 123, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent 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 Group or the Parent 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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

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 and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting (including related companies legislation), distributable profits and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety (reflecting the nature of the Group's production and distribution process), anti-bribery (reflecting that the Group operates in a number of countries where there is an opportunity to engage in bribery given the lack of regulation by the local governments), interaction with healthcare professionals (reflecting the nature of the Group's products in the Health business unit), competition law (reflecting the nature of the Group's business and market positions), consumer product law such as product safety and product claims (reflecting the nature of the Group's diverse product base), data privacy legislation (reflecting the Group's growing amounts of personal data held) and intellectual property legislation (reflecting the potential for the Group to infringe trademarks, copyright and patents). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of instances of actual or suspected non-compliance of a scale and nature that is unexceptional for a group of this size and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

6. Respective responsibilities continued

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

7. 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 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Broadbelt
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London

18 March 2019

Group Income Statement

For the year ended 31 December	Note	2018 £m	2017 (restated)[1] £m
CONTINUING OPERATIONS			
Net Revenue	2	**12,597**	11,449
Cost of sales		**(4,962)**	(4,626)
Gross profit		**7,635**	6,823
Net operating expenses	3	**(4,588)**	(4,086)
Operating profit	2	**3,047**	2,737
Adjusted operating profit		**3,358**	3,122
Adjusting items	3	**(311)**	(385)
Operating profit		**3,047**	2,737
Finance income	6	**78**	60
Finance expense	6	**(403)**	(298)
Net finance expense		**(325)**	(238)
Profit before income tax		**2,722**	2,499
Income tax (expense)/benefit	7	**(536)**	894
Net income from continuing operations		**2,186**	3,393
Net (loss)/income from discontinued operations		**(5)**	2,796
Net income		**2,181**	6,189
Attributable to non-controlling interests		**20**	17
Attributable to owners of the parent		**2,161**	6,172
Net income		**2,181**	6,189
Basic earnings per ordinary share (pence)			
From continuing operations	8	**306.8**	480.6
From discontinued operations	8	**(0.7)**	398.1
From total operations		**306.1**	878.7
Diluted earnings per ordinary share (pence)			
From continuing operations	8	**305.5**	474.7
From discontinued operations	8	**(0.7)**	393.2
From total operations		**304.8**	867.9

1. Restated for the adoption of IFRS 15 (see Note 1).

Group Statement of Comprehensive Income

For the year ended 31 December	Note	2018 £m	2017 (restated)[1] £m
Net income		**2,181**	6,189
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss in subsequent years			
Net exchange gains/(losses) on foreign currency translation, net of tax	7	**67**	(310)
(Losses)/gains on net investment hedges, net of tax	7	**(44)**	44
Gains on cash flow hedges, net of tax	7	**8**	3
Reclassification of foreign currency translation reserves on disposal of foreign operations, net of tax	7	**–**	145
		31	(118)
Items that will not be reclassified to profit or loss in subsequent years			
Remeasurements of defined benefit pension plans, net of tax	7	**123**	12
Revaluation of equity instruments – FVOCI	7	**–**	6
		123	18
Other comprehensive income/(expense), net of tax		**154**	(100)
Total comprehensive income		**2,335**	6,089
Attributable to non-controlling interests		**20**	15
Attributable to owners of the parent		**2,315**	6,074
Total comprehensive income		**2,335**	6,089
Total comprehensive income attributable to owners of the parent arising from:			
Continuing operations		**2,320**	3,133
Discontinued operations		**(5)**	2,941
		2,315	6,074

1. As a result of the adoption of IFRS 9, 'Revaluation of equity instruments – FVOCI' is now presented as an item that will not be reclassified to profit or loss in subsequent years. In the prior year, it was presented as an item that may be reclassified to profit or loss in subsequent years.

Group Balance Sheet

As at 31 December	Note	2018 £m	2017 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	9	**30,278**	29,487
Property, plant and equipment	10	**1,858**	1,754
Equity instruments – FVOCI	14	**53**	41
Deferred tax assets	11	**209**	118
Retirement benefit surplus	22	**191**	90
Other non-current receivables	13	**109**	99
		32,698	31,589
Current assets			
Inventories	12	**1,276**	1,201
Trade and other receivables	13	**2,097**	2,004
Derivative financial instruments	14	**38**	18
Current tax recoverable		**48**	58
Cash and cash equivalents	15	**1,483**	2,125
		4,942	5,406
Assets classified as held for sale		**10**	18
		4,952	5,424
Total assets		**37,650**	37,013
LIABILITIES			
Current liabilities			
Short-term borrowings	16	**(2,209)**	(1,346)
Provisions for liabilities and charges	17	**(542)**	(517)
Trade and other payables	20	**(4,811)**	(4,629)
Derivative financial instruments	14	**(42)**	(19)
Current tax liabilities	21	**(10)**	(65)
		(7,614)	(6,576)
Non-current liabilities			
Long-term borrowings	16	**(9,670)**	(11,515)
Deferred tax liabilities	11	**(3,619)**	(3,443)
Retirement benefit obligations	22	**(318)**	(393)
Provisions for liabilities and charges	17	**(87)**	(81)
Derivative financial instruments	14	**–**	(12)
Non-current tax liabilities	21	**(1,105)**	(1,012)
Other non-current liabilities	20	**(448)**	(408)
		(15,247)	(16,864)
Total liabilities		**(22,861)**	(23,440)
Net assets		**14,789**	13,573
EQUITY			
Capital and reserves			
Share capital	23	**74**	74
Share premium		**245**	243
Merger reserve		**(14,229)**	(14,229)
Hedging reserve	25	**7**	(1)
Foreign currency translation reserve	25	**430**	407
Retained earnings		**28,215**	27,039
Attributable to owners of the parent		**14,742**	13,533
Attributable to non-controlling interests		**47**	40
Total equity		**14,789**	13,573

The Financial Statements on pages 137 to 192 were approved by the Board of Directors and signed on its behalf on 18 March 2019 by:

Chris Sinclair
Director

Rakesh Kapoor
Director

Group Statement of Changes in Equity

	Note	Share capital £m	Share premium £m	Merger reserves £m	Other reserves £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2017		**74**	**243**	**(14,229)**	**522**	**21,811**	**8,421**	**5**	**8,426**
Comprehensive income									
Net income		–	–	–	–	6,172	6,172	17	6,189
Other comprehensive (expense)/income		–	–	–	(116)	18	(98)	(2)	(100)
Total comprehensive (expense)/income		**–**	**–**	**–**	**(116)**	**6,190**	**6,074**	**15**	**6,089**
Transactions with owners									
Treasury shares re-issued	23	–	–	–	–	94	94	–	94
Share-based payments	24	–	–	–	–	72	72	–	72
Current tax on share awards	7	–	–	–	–	20	20	–	20
Deferred tax on share awards	7	–	–	–	–	(14)	(14)	–	(14)
Cash dividends	27	–	–	–	–	(1,134)	(1,134)	(11)	(1,145)
Arising on business combination		–	–	–	–	–	–	31	31
Total transactions with owners		**–**	**–**	**–**	**–**	**(962)**	**(962)**	**20**	**(942)**
Balance at 31 December 2017		**74**	**243**	**(14,229)**	**406**	**27,039**	**13,533**	**40**	**13,573**
Comprehensive income									
Net income		–	–	–	–	2,161	2,161	20	2,181
Other comprehensive income		–	–	–	31	123	154	–	154
Total comprehensive income		**–**	**–**	**–**	**31**	**2,284**	**2,315**	**20**	**2,335**
Transactions with owners									
Treasury shares re-issued	23	–	2	–	–	103	105	–	105
Share-based payments	24	–	–	–	–	14	14	–	14
Current tax on share awards	7	–	–	–	–	7	7	–	7
Deferred tax on share awards	7	–	–	–	–	(12)	(12)	–	(12)
Cash dividends	27	–	–	–	–	(1,187)	(1,187)	(13)	(1,200)
Transactions with non-controlling interests		–	–	–	–	(33)	(33)	–	(33)
Total transactions with owners		**–**	**2**	**–**	**–**	**(1,108)**	**(1,106)**	**(13)**	**(1,119)**
Balance at 31 December 2018		**74**	**245**	**(14,229)**	**437**	**28,215**	**14,742**	**47**	**14,789**

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

Refer to Note 25 for an explanation of other reserves.

Group Cash Flow Statement

For the year ended 31 December	Note	2018 £m	2017 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	29	**3,330**	3,153
Interest paid		**(396)**	(226)
Interest received		**75**	59
Tax paid		**(567)**	(543)
Net cash flows attributable to discontinued operations		**12**	48
Net cash generated from operating activities		**2,454**	2,491
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(342)**	(286)
Purchase of intangible assets		**(95)**	(63)
Proceeds from the sale of property, plant and equipment		**24**	35
Acquisition of businesses, net of cash acquired		**–**	(11,817)
Purchase of equity instruments – FVOCI		**(9)**	–
Reduction in short-term investments		**–**	3
Net cash flows attributable to discontinued operations		**–**	3,232
Net cash used in investing activities		**(422)**	(8,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares re-issued	23	**105**	94
Proceeds from borrowings	16	**697**	19,523
Repayment of borrowings	16	**(2,244)**	(10,723)
Dividends paid to owners of the parent	27	**(1,187)**	(1,134)
Dividends paid to non-controlling interests		**(13)**	(11)
Other financing activities		**24**	(12)
Net cash (used in)/generated from financing activities		**(2,618)**	7,737
Net (decrease)/increase in cash and cash equivalents		**(586)**	1,332
Cash and cash equivalents at beginning of the year		**2,117**	873
Exchange losses		**(54)**	(88)
Cash and cash equivalents at end of the year		**1,477**	2,117
Cash and cash equivalents comprise:			
Cash and cash equivalents	15	**1,483**	2,125
Overdrafts	16	**(6)**	(8)
		1,477	2,117

Notes to the Financial Statements

1 Accounting Policies

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

Basis of Preparation

These Financial Statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRIC) interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements are also in compliance with IFRS as issued by the International Accounting Standards Board (IASB).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

Adoption of New and Revised Standards

The following standards issued by the IASB and endorsed by the EU have been adopted by the Group from 1 January 2018:

- *IFRS 15 Revenue from Contracts with Customers* (replacing IAS 18 Revenue)

  IFRS 15 deals with revenue recognition and establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the Group's contracts with its customers. The standard provides clarification about when control of goods is passed to customers and contains more guidance about the measurement of revenue contracts which have discounts, rebates and other payments to customers.

  Prior to its adoption, and as disclosed in the 2017 Annual Report and Financial Statements, the Group completed a detailed review of the requirements of IFRS 15 against its current accounting policies. The areas the Group considered included payments to customers, the timing of revenue recognition based on control of goods, principal and agent relationships and consignment inventories. The Group concluded that there was no material impact of adopting IFRS 15. Refer to Note 2 for the disclosure of revenue (from the sale of products) by operating segment. The Group does not generate multiple revenue streams requiring further levels of disaggregation.

  The requirements of IFRS 15 have been applied retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- *IFRS 9 Financial Instruments* (replacing IAS 39 Financial instruments: Recognition and Measurement)

  IFRS 9 addresses the classification and measurement of financial instruments and introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

  The adoption of IFRS 9 principles did not result in any material changes to the measurement and classification of income and costs in the Income Statement or of assets and liabilities on the Balance Sheet.

  All classes of financial assets and financial liabilities had, as at 1 January 2018, the same carrying values under IFRS 9 as they had under IAS 39.

  All hedge relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 on 1 January 2018 and were hence regarded as continuing hedging relationships.

1 Accounting Policies continued

In these Financial Statements, the Group has not applied the following new and revised IFRS that have been issued but are not yet effective:

- *IFRS 16 Leases* (replacing IAS 17 Leases)

  IFRS 16 will be effective from the annual period beginning on 1 January 2019. The standard changes the principles for the recognition, measurement, presentation and disclosure of leases. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise lease liabilities and 'right of use' assets on the Balance Sheet, with exemptions for low value and short-term leases. The Group has evaluated the impact of IFRS 16 and concluded that it does not expect a material impact on the recognition and measurement of income and costs in the income statement or of the net assets in the balance sheet.

A number of other new standards, amendments and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not yet been applied in preparing these Financial Statements. None of these are expected to have a significant effect on the Financial Statements of the Group.

Going Concern

Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements. Further detail is contained in the Strategic Report on pages 1 to 57.

Basis of Consolidation

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

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

Foreign Currency Translation

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

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

The Financial Statements of overseas subsidiary undertakings are translated into Sterling on the following basis:

- Assets and liabilities at the rate of exchange ruling at the year end date.
- Profit and loss account items at the average rate of exchange for the year.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity on consolidation.

Business Combinations

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

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

1 Accounting Policies continued

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

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

Acquisition-related costs are expensed as incurred.

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

Disposal of Subsidiaries

The financial performance of subsidiaries is included in the Group results up to the point the Group ceases to have control over that subsidiary. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of related assets and liabilities. This may mean amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-Controlling Interests

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

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

Revenue

Revenue from the sale of products is recognised in the Group Income Statement when control of the product is transferred to the customer.

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

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

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

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

Operating Segments

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

Adjusting Items, including Exceptional Items

The Group makes reference to adjusting items in presenting the Group's principal adjusted earnings measures.

These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances.

Exceptional items are material, non-recurring items of expense or income, which are relevant to an understanding of the underlying performance and trends of the business. Examples of exceptional items include the following:

- Restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Group's activities;
- Impairments of current and non-current assets;
- Gains/losses on disposals of businesses;
- Acquisition-related costs, including advisor fees incurred for significant transactions, and adjustments to the fair values of assets and liabilities that result in non-recurring charges to the Income Statement;
- Costs arising because of material and non-recurring regulatory and litigation matters; and
- The Income Statement impact of unwinding fair value adjustments for inventory recorded as the result of a business combination.

1 Accounting Policies continued

Other adjusting items are adjusted because their pattern of recognition is largely uncorrelated with the underlying performance of the business. They include the following:

- Amortisation of acquired brands, trademarks and similar assets; and
- Amortisation of certain other intangible assets recorded as the result of a business combination.

Adjusting items include a reclassification of finance expenses on tax balances into income tax expense, to align with the Group's tax guidance. As a result, these expenses are presented as part of income tax in the adjusted profit before income tax measure.

Research and Development

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

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

Income Tax

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

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

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

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

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

Goodwill and Other Intangible Assets

(i) Goodwill

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

(ii) Brands

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

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

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

(iii) Distribution rights

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

1 Accounting Policies continued

(iv) Software

Acquired computer software licences are capitalised at cost. These costs are amortised on a straight-line basis over a period of seven years for Enterprise Resource Planning systems and five years or less for all other software licences.

(v) Customer contracts

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

Amortisation of intangible assets in (ii) to (v) is charged to net operating expenses.

Property, Plant and Equipment

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

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

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

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

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the Income Statement.

Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at lease inception at the lower of the asset's fair value and the present value of the minimum lease payments. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate within borrowings. The interest element of the finance cost is charged to the Income Statement over the life of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Leased property, plant and equipment are depreciated on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals (net of any related lease incentives) are charged against profit on a straight-line basis over the period of the lease.

Impairment of Assets

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

Value in use is calculated with reference to the future cash flows expected to be generated by an asset (or group of assets where cash flows are not identifiable to specific assets). The pre-tax discount rate used in asset impairment reviews is based on a weighted average cost of capital for comparable companies operating in similar markets and geographies as the Group including, where appropriate, an adjustment for the specific risks associated with the relevant CGU.

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

Inventories

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

1 Accounting Policies continued

Trade Receivables

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

Trade Payables

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

Cash and Cash Equivalents

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

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

Borrowings

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

Derivative Financial Instruments and Hedging Activity

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

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

The Group designates certain derivatives as either:

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

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

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

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

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

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

Net Investment Hedges

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

1 Accounting Policies continued

Equity Instruments – FVOCI

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

Employee Share Schemes

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

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

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

Repurchase and Reissuance of Ordinary Shares

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

Pension Commitments

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

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

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

Past service costs are recognised immediately in profit or loss.

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

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

Post-Retirement Benefits Other than Pensions

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

Provisions

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

Share Capital Transactions

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

1 Accounting Policies continued

Dividend Distribution

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

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

Accounting Estimates and Judgements

In the application of the Group'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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, that the Directors have made in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's Financial Statements.

- The Group has identified matters which may incur liabilities in the future, but do not recognise these where it is too early to determine the likely outcome or make a reliable estimate (Note 19).
- The continuing enduring nature of the Group's brands supports the indefinite life assumption of these assets (Note 9).
- Assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (Note 11).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- The Group is subject to tax audits and uncertainties in a number of jurisdictions. The issues involved can be complex and disputes may take a number of years to resolve. Each uncertainty is separately assessed and management applies judgement in the recognition and measurement of the uncertainty based on the relevant circumstances. The accounting estimates and judgements considered include:
  - status of the unresolved matter;
  - clarity of relevant legislation and related guidance;
  - pre-clearances issued by taxing authorities;
  - advice from in-house specialists and opinions of professional firms;
  - resolution process and range of possible outcomes;
  - past experience and precedents set by the particular taxing authority;
  - decisions and agreements reached in other jurisdictions on comparable issues;
  - unutilised tax losses, tax credits and availability of mutual agreement procedures between tax authorities; and
  - statute of limitations.

Management is of the opinion that the carrying values of the provisions made in respect of these matters represent the most accurate measurement once all facts and circumstances have been taken into account. Nevertheless, the final amounts paid to discharge the liabilities arising (either through negotiated settlement or litigation) will in all likelihood be different from the provision recognised. Management does not foresee a significant risk of a material adjustment to the carrying value of the net liabilities disclosed in Note 21 during the next financial year.

1 Accounting Policies continued

- The Group recognises legal and regulatory provisions in line with the Group's provisions policy. The level of provisioning for regulatory civil and/or criminal investigations is an issue where management and legal judgement is important (Note 17). These are valued based on the Directors' best estimates taking into account all available information, external advice and historical experience.

- Estimates of future business performance and cash generation, discount rates and long-term growth rates supporting the net book amount of indefinite life intangible assets at the Balance Sheet date (Note 9). If the actual results should differ, or changes in expectations arise, impairment charges may be required which would adversely impact operating results.

- Measurement of intangible assets both in business combinations and other asset acquisitions requires the Group to value such assets. Assumptions and estimates are made about future cash flows and appropriate discount rates to value identified intangible assets.

- The Group provides for amounts payable to our trade customers for promotional activity and Government reimbursement arrangements. Where an activity spans across the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. There is a timing difference between that initial estimation and final settlement of trade spend with our customers - the result of which could lead to variations between the two. Details of trade spend accrued as at the year end (£1,025 million) are provided in Note 20.

- The value of the Group's defined benefit pension plan obligations is dependent on a number of key assumptions. These include assumptions over the rate of increase in pensionable salaries, the discount rate to be applied, the level of inflation and the life expectancy of the schemes' members. Details of the key assumptions and the sensitivity of the principal schemes' carrying value to changes in the assumptions are set out in Note 22.

2 Operating Segments

On 1 January 2018, the Group's operating segments changed from ENA, DvM and IFCN to Health and Hygiene Home.

This change, which aligns the operating segments with the new business unit structure, was prompted by the RB 2.0 reorganisation effective 1 January 2018 and associated updates to the way in which information is presented to, and reviewed by, the Group's Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing Group-wide performance.

The CODM is the Group Executive Committee. This Committee is responsible for the implementation of strategy (approved by the Board), the management of risk (delegated by the Board) and the review of Group operational performance and ongoing business integration.

The Executive Committee assesses the performance of these operating segments based on Net Revenue from external customers and Adjusted Operating Profit. Intercompany transactions between operating segments are eliminated. Finance income and expense are not allocated to segments, as each is managed on a centralised basis.

The segment information provided to the Executive Committee for the operating segments for the year ended 31 December is as follows:

Year ended 31 December 2018	**Health £m**	**Hygiene Home £m**	**Total £m**
Net Revenue	**7,762**	**4,835**	**12,597**
Adjusted Operating Profit	**2,207**	**1,151**	**3,358**
Adjusting items			**(311)**
Operating Profit			**3,047**
Net finance expense			**(325)**
Profit before income tax			**2,722**

Year ended 31 December 2017 (restated)[1]	Health £m	Hygiene Home £m	Total £m
Net Revenue[2]	6,562	4,887	11,449
Adjusted Operating Profit	1,949	1,173	3,122
Reallocation of central costs			(385)
Operating Profit			2,737
Net finance expense			(238)
Profit before income tax			2,499

1. Restated to reflect new operating segments.
2. Restated for the adoption of IFRS 15 (see Note 1).

2 Operating Segments continued

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

2018	UK £m	US £m	Greater China[1] £m	All other countries £m	Total £m
Net Revenue	**737**	**3,176**	**1,431**	**7,253**	**12,597**
Goodwill and other intangible assets	**1,962**	**11,048**	**8,249**	**9,019**	**30,278**
Property, plant and equipment	**261**	**464**	**46**	**1,087**	**1,858**
Other non-current receivables	**3**	**67**	**3**	**36**	**109**

2017	UK £m	US £m	Greater China[1] £m	All other countries £m	Total £m
Net Revenue[2]	712	2,792	819	7,126	11,449
Goodwill and other intangible assets	1,937	10,470	8,164	8,916	29,487
Property, plant and equipment	207	461	49	1,037	1,754
Other non-current receivables	15	61	1	22	99

1. Greater China represents Mainland China, Hong Kong and Taiwan.
2. Restated for the adoption of IFRS 15 (see Note 1).

The Net Revenue from external customers reported on a geographical basis above is measured consistently with that in the operating segments. Major customers are typically large grocery chains, mass markets and multiple retailers. The Group's customer base is diverse, with no individual customer accounting for more than 10% of Net Revenue (2017: one customer accounting for more than 10%).

3 Analysis of Net Operating Expenses

	2018 £m	2017 (restated)[1] £m
Distribution costs	**(3,168)**	(2,952)
Administrative expenses:		
Research and development[2]	**(223)**	(187)
Other	**(890)**	(724)
Total administrative expenses	**(1,113)**	(911)
Other net operating income	**4**	3
Adjusting items included in net operating expenses	**(311)**	(226)
Net operating expenses	**(4,588)**	(4,086)

1. Restated for the adoption of IFRS 15 (see Note 1).
2. Research and development excludes the cost of local regulatory support.

A net foreign exchange loss of £1 million (2017: £20 million) has been recognised through the Income Statement.

3 Analysis of Net Operating Expenses continued

Adjusting Items

The Group uses certain adjusted earnings measures, including Adjusted Operating Profit and Adjusted Net Income, to provide additional clarity about the underlying performance of the business.

The Group makes reference to adjusting items in presenting the Group's principal adjusted earnings measures. These comprise exceptional items, other adjusting items, and the reclassification of finance expenses on tax balances:

- Exceptional items are material, non-recurring items of expense or income, which are relevant to an understanding of the underlying performance and trends of the business.
- Other adjusting items comprise the amortisation of certain fair value adjustments recorded in respect of finite-life intangible assets recognised in the purchase price allocation for the acquisition of MJN. The Group adjusts for these charges because their pattern of recognition is largely uncorrelated with the underlying performance of the business.
- Adjusting items include a reclassification of finance expenses on tax balances into income tax expense, to align with the Group's tax guidance. As a result, these expenses are presented as part of income tax in the adjusted profit before income tax measure.

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2018:

Year ended 31 December 2018	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclassification £m	Adjusted £m
Operating Profit	3,047	233[2]	78[3]	–	3,358
Net finance expense	(325)	–	–	29[4]	(296)
Profit before income tax	2,722	233	78	29	3,062
Income tax expense	(536)	(50)[2]	(17)[3]	(29)[4]	(632)
Net income for the year from continuing operations	2,186	183	61	–	2,430
Less: Attributable to non-controlling interests	(20)	–	–	–	(20)
Net income for the year attributable to owners of the parent (continuing)	2,166	183	61	–	2,410
Net loss for the year from discontinued operations	(5)[1]	5	–	–	–
Total net income for the year attributable to owners of the parent	2,161	188	61	–	2,410

1. Exceptional items within discontinued operations relate to a foreign exchange loss of £17 million on the provision booked in prior year for ongoing investigations by the US Department of Justice ("DoJ") and the US Federal Trade Commission, offset by further consideration from McCormick & Company, Inc of £12 million relating to the 2017 sale of RB Food.
2. Exceptional items within Operating Profit of £233 million relate to:
   - MJN integration/RB 2.0 costs of £185 million; and
   - Restructuring, Supercharge and other projects strategic to the Group of £48 million.

   Included within income tax expense is a £50 million tax credit for these exceptional costs.
3. Other adjusting items of £78 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged during the period ended 31 December 2018. In addition, there is a £17 million income tax credit in respect of these costs.
4. Adjusting items of £29 million relate to the reclassification of interest on income tax balances from finance expense to income tax in the adjusting measure.

3 Analysis of Net Operating Expenses continued

The table below provides a reconciliation of the Group's reported statutory earnings measures to its adjusted measures for the year ended 31 December 2017:

Year ended 31 December 2017	Reported £m	Adjusting: Exceptional items £m	Adjusting: Other items £m	Adjusting: Finance expense reclassification £m	Adjusted £m
Operating Profit	2,737	342[1]	43[5]	–	3,122
Net finance expense	(238)	35[2]	–	30[6]	(173)
Profit before income tax	2,499	377	43	30	2,949
Income tax expense	894	(1,527)[3]	(16)[5]	(30)[6]	(679)
Net income for the year from continuing operations	3,393	(1,150)	27	–	2,270
Less: Attributable to non-controlling interests	(17)	–	–	–	(17)
Net income for the year attributable to owners of the parent (continuing)	3,376	(1,150)	27	–	2,253
Net income for the year from discontinued operations	2,796	(2,741)[4]	–	–	55
Total net income for the year attributable to owners of the parent	6,172	(3,891)	27	–	2,308

1. Exceptional items within Operating Profit of £342 million include £219 million relating to the acquisition of MJN, which comprise the following:
   - Transaction fees of £60 million.
   - Unwinding of fair value adjustment made to inventories recorded on the purchase price allocation of £159 million, recorded in cost of sales in the Group Income Statement.

   The remaining exceptional costs within operating profit relate to previously announced restructuring projects, including:
   - MJN integration/RB 2.0 of £90 million.
   - Restructuring, Supercharge and other projects strategic to the Group of £33 million.
2. Exceptional costs included within net finance expense comprises £23 million for the accelerated write-off of facility fees as a result of the acquisition of MJN in June 2017, when short-term bridge facilities were replaced with the issuance of $7,750 million of fixed and floating rate loan notes, and £12 million for the accelerated write-off of facility fees as a result of the early repayment of certain term loans using the proceeds from the disposal of RB Food.
3. Included within income tax credit is a £1,421 million tax credit resulting from the US Tax Reform and £106 million, representing the tax credit for the exceptional costs noted above.
4. Adjusting items included in discontinued operations comprise the gain on the disposal of RB Food of £3,024 million, a tax credit of £13 million on this gain, and a charge of £296 million in respect of provision for settlement of the ongoing investigations by the US Department of Justice ("DoJ") arising from certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014.
5. Other adjusting items of £43 million relate to the amortisation of certain intangible assets recognised as a result of the acquisition of MJN, charged over the period since the acquisition up to 31 December 2017. In addition, there is a £16 million income tax credit in respect of these costs.
6. Adjusting items of £30 million relate to the reclassification of interest on income tax balances from finance expense to income tax in the adjusting measure (Note 1).

4 Auditor's Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditor and its associates. In 2018, the Company's Auditor was KPMG LLP, while in 2017 the Company's Auditor was PwC LLP.

	2018 £m	2017 £m
Audit services pursuant to legislation		
Audit of the Group's Annual Report and Financial Statements	**3.6**	2.3
Audit of the Financial Statements of the Group's subsidiaries	**5.9**	4.3
Audit-related assurance services	**0.3**	1.3
Total audit and audit-related services	**9.8**	7.9
Fees payable to the Company's Auditors and its associates for other services:		
Corporate finance services	**–**	2.7
Taxation compliance services	**–**	0.4
Taxation advisory services	**–**	0.3
Other assurance services	**0.1**	0.8
Total non-audit services	**0.1**	4.2
	9.9	12.1

5 Employees

Staff Costs

The total employment costs, including Directors, were:

	Note	2018 £m	2017 £m
Wages and salaries		**1,471**	1,252
Social security costs		**227**	204
Other pension costs	22	**53**	63
Share-based payments	24	**16**	78
		1,767	1,597

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

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

	2018 £m	2017 £m
Short-term employee benefits	**16**	7
Post-employment benefits	**1**	1
Share-based payments	**1**	26
Termination benefits	**–**	1
	18	35

Termination benefits and share-based payments include contractual commitments made to key management in 2018, comprising cash payments and share awards.

Staff Numbers

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

	2018 '000	2017[1] '000
Continuing operations		
North America	**4.3**	4.8
Europe/ANZ	**13.3**	12.7
DvM	**24.8**	22.6
Discontinued operations		
RB Food	**–**	0.3
	42.4	40.4

1. 2017 staff numbers for continuing operations have been re-presented on a geographic basis.

6 Net Finance Expense

	2018 £m	2017 £m
Finance income		
Interest income on cash and cash equivalents	**78**	60
Total finance income	**78**	60
Finance expense		
Interest payable on borrowings	**(352)**	(205)
Net pension plan interest	**(2)**	(9)
Amortisation of issue costs of bank loans	**(5)**	(42)
Finance expense on tax balances	**(29)**	(30)
Other finance expense	**(15)**	(12)
Total finance expense	**(403)**	(298)
Net finance expense	**(325)**	(238)

All net finance expense relates to continuing operations only.

7 Income Tax Expense/(Benefit)

	2018 £m	2017 £m
Current tax	**545**	760
Adjustment in respect of prior periods	**50**	(52)
Total current tax	**595**	708
Origination and reversal of temporary differences	**(59)**	(38)
Impact of changes in tax rates	**–**	(1,564)
Total deferred tax	**(59)**	(1,602)
Income tax expense/(benefit)	**536**	(894)

Current tax includes tax incurred by UK entities of £55 million (2017: £53 million). This is comprised of UK corporation tax of £32 million (2017: £25 million) and overseas tax suffered of £23 million (2017: £28 million). UK current tax is calculated at 19% (2017: 19.25%) of the estimated assessable profit for the year, net of relief for overseas taxes where available. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Cash tax paid in the year was £567 million (2017: £543 million). The variance between the current year tax charge of £545 million and cash tax paid is attributable to movements on non-current tax liabilities (shown in Note 21) and timing differences arising between accrual and payment of income tax liabilities.

The 2017 deferred tax impact of changes in tax rates of £1,564 million primarily relates to the enactment of a reduction in the US federal corporation rate from 35% to 21%, applicable from 1 January 2018. This resulted in a reduction in the value of deferred tax assets and deferred tax liabilities.

Origination and reversal of temporary differences includes adjustments in respect of prior periods of £22 million expense (2017: £23 million income).

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

Continuing operations	2018 £m	2017 £m
Profit before income tax	**2,722**	2,499
Tax at the notional UK corporation tax rate of 19% (2017: 19.25%)	**517**	481
Effect of:		
Overseas tax rates	**(79)**	(66)
Movement in provision related to uncertain tax positions	**78**	122
Unrecognised tax losses and other unrecognised tax assets	**(44)**	(17)
Withholding and local taxes	**74**	29
US tax reform – transition tax and cost of repatriation	**–**	208
Reassessment of prior year estimates	**(10)**	(75)
Impact of changes in tax rates	**–**	(1,564)
Adjusting items	**4**	(11)
Other permanent differences	**(4)**	(1)
Income tax expense/(benefit)	**536**	(894)

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

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

Unrecognised tax losses and other unrecognised tax assets primarily relates to losses arising from an internal restructuring carried out during 2018.

7 Income Tax Expense/(Benefit) continued

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

Reassessment of prior year estimates arose as a result of revised tax filings and differences between final tax return submissions and liabilities accrued in these Financial Statements.

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

On 19 December 2018, the European Commission ("EC") issued a press release in connection with its investigation into certain aspects of the Gibraltar tax system and on 25 January 2019 published its resultant decision which concluded that Gibraltar had granted State Aid to a number of companies and that this State Aid now needed to be recovered by the Gibraltar authorities. This judgement impacted a former MJN subsidiary which no longer exists and the Group is currently assessing the implications of the Commission's investigation.

The EC's investigation into whether the United Kingdom's controlled foreign company Group finance exemption constitutes State Aid remains ongoing and the Group continues to monitor developments.

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

	2018			2017		
	Before tax £m	**Tax credit/ (charge) £m**	**After tax £m**	Before tax £m	Tax (charge)/ credit £m	After tax £m
Net exchange gains/(losses) on foreign currency translation	**59**	**8**	**67**	(310)	–	(310)
(Losses)/gains on cash flow and net investment hedges	**(38)**	**2**	**(36)**	55	(8)	47
Reclassification of foreign currency translation reserves on disposal of foreign operations	**–**	**–**	**–**	145	–	145
Remeasurement of defined benefit pension plans (Note 22)	**149**	**(26)**	**123**	34	(22)	12
Revaluation of equity instruments – FVOCI	**–**	**–**	**–**	6	–	6
Other comprehensive income	**170**	**(16)**	**154**	(70)	(30)	(100)
Current tax		**6**			1	
Deferred tax (Note 11)		**(22)**			(31)	
		(16)			(30)	

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

	2018 £m	2017 £m
Current tax	**7**	20
Deferred tax (Note 11)	**(12)**	(14)
	(5)	6

8 Earnings Per Share

	2018 pence	2017 pence
Basic earnings per share		
From continuing operations	**306.8**	480.6
From discontinued operations	**(0.7)**	398.1
Total basic earnings per share	**306.1**	878.7
Diluted earnings per share		
From continuing operations	**305.5**	474.7
From discontinued operations	**(0.7)**	393.2
Total diluted earnings per share	**304.8**	867.9
Adjusted basic earnings per share		
From continuing operations	**341.4**	320.8
From discontinued operations	**–**	7.8
Total adjusted basic earnings per share	**341.4**	328.6
Adjusted diluted earnings per share		
From continuing operations	**339.9**	316.9
From discontinued operations	**–**	7.7
Total adjusted diluted earnings per share	**339.9**	324.6

Basic

Basic earnings per share is calculated by dividing the net income attributable to owners of the parent from continuing operations (2018: £2,166 million; 2017: £3,376 million) and discontinued operations (2018: £5 million loss; 2017: £2,796 million income) by the weighted average number of ordinary shares in issue during the year (2018: 705,903,566; 2017: 702,379,197).

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2018 there were 4,628,897 (2017: 69,200) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year or the performance criteria have not been met.

	2018 Average number of shares	2017 Average number of shares
On a basic basis	**705,903,566**	702,379,197
Dilution for Executive Share Awards	**2,908,086**	8,054,213
Dilution for Employee Sharesave Scheme Options outstanding	**192,973**	691,174
On a diluted basis	**709,004,625**	711,124,584

Adjusted earnings

Details of the adjusted net income attributable to owners of the parent are as follows:

Continuing operations	2018 £m	2017 £m
Net income attributable to owners of the parent	**2,166**	3,376
Exceptional items, net of tax (Note 3)	**183**	(1,150)
Other Adjusting items, net of tax (Note 3)	**61**	27
Adjusted net income attributable to owners of the parent	**2,410**	2,253

8 Earnings Per Share continued

Discontinued operations	2018 £m	2017 £m
Net (loss)/income attributable to owners of the parent	**(5)**	2,796
Exceptional items, net of tax (Note 3)	**5**	(2,741)
Adjusted net income attributable to owners of the parent	**–**	55

9 Goodwill and Other Intangible Assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2017	9,549	3,942	137	65	13,693
Additions	–	–	63	–	63
Arising on business combinations	9,043	8,020	19	107	17,189
Disposals	(52)	–	(2)	–	(54)
Exchange adjustments	(652)	(443)	(2)	(7)	(1,104)
At 31 December 2017	**17,888**	**11,519**	**215**	**165**	**29,787**
Additions	–	–	94	–	94
Arising on business combinations	–	28	–	–	28
Disposals	–	–	(10)	–	(10)
Exchange adjustments	482	304	4	3	793
At 31 December 2018	**18,370**	**11,851**	**303**	**168**	**30,692**
Accumulated amortisation and impairment					
At 1 January 2017	156	22	41	20	239
Amortisation and impairment charge	35	–	23	12	70
Disposals	–	–	(1)	–	(1)
Exchange adjustments	(3)	(4)	–	(1)	(8)
At 31 December 2017	**188**	**18**	**63**	**31**	**300**
Amortisation and impairment charge	61	–	38	22	121
Disposals	–	–	(8)	–	(8)
Exchange adjustments	1	–	–	–	1
At 31 December 2018	**250**	**18**	**93**	**53**	**414**
Net book value					
At 31 December 2017	**17,700**	**11,501**	**152**	**134**	**29,487**
At 31 December 2018	**18,120**	**11,833**	**210**	**115**	**30,278**

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

Software includes intangible assets under construction of £47 million (2017: £54 million).

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

9 Goodwill and Other Intangible Assets continued

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

Net book amount	2018 £m	2017 £m
Indefinite life assets:		
Brands	**17,616**	17,153
Goodwill	**11,833**	11,501
Other	**42**	45
Total indefinite life assets	**29,491**	28,699
Finite life assets:		
Brands	**504**	547
Software	**210**	152
Other	**73**	89
Total finite life assets	**787**	788
Total net book amount of intangible assets	**30,278**	29,487

Cash Generating Units

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

After considering all the evidence available, including how brand and production assets generate cash inflows and how management monitors the business, the Directors have concluded that for the purpose of impairment testing of goodwill and intangible assets, the Group's GCGUs are as follows: Health, Hygiene Home and IFCN.

Hygiene and Home are no longer considered separate GCGUs on the basis of changes made as part of RB 2.0.

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

		2018			2017 (restated)[1]		
GCGU	Key brands[1]	Indefinite life assets £m	Goodwill £m	Total £m	Indefinite life assets £m	Goodwill £m	Total £m
Health	Durex, Gaviscon, Mucinex, Nurofen, Scholl, Strepsils, Clearasil, Dettol, Veet	**7,405**	**3,783**	**11,188**	7,271	3,726	10,997
Hygiene Home[2]	Cillit Bang, Finish, Harpic, Lysol, Mortein, Air Wick, Calgon, Vanish, Woolite	**1,851**	**45**	**1,896**	1,789	45	1,834
IFCN	Enfamil, Nutramigen	**8,402**	**8,005**	**16,407**	8,138	7,730	15,868
		17,658	**11,833**	**29,491**	17,198	11,501	28,699

1. As part of RB 2.0, certain key brands have moved from the former Hygiene GCGU into Health. The 2017 comparative balances have been restated to reflect these movements.
2. As Hygiene Home is now considered to represent one GCGU, the 2017 comparative balances (restated) have been disclosed on an aggregated basis.

Within the Health GCGU, the cash flows of certain brands are separately identifiable. As a result, the carrying values of the associated indefinite life assets and goodwill have been tested for impairment as CGUs. This is in addition to the impairment testing over the Health GCGU. The CGUs tested separately in 2018 are shown below. BMS and VMS were not tested in 2018 as changes to their factory brand mix meant that the associated cash flows were no longer separately identifiable.

Indefinite life assets and goodwill	2018 £m	2017 £m
Sexual Wellbeing	**2,229**	2,201
Brazilian Sexual Wellbeing	**36**	47
Oriental Pharma	**128**	142

9 Goodwill and Other Intangible Assets continued

Annual Impairment Review

The annual impairment review of goodwill and indefinite life assets is based on an assessment of each GCGU's or CGU's recoverable amount, being the higher of value in use or fair value less costs of disposal. Both valuation models are calculated from cash flow projections, based on historical operating results, short-term budgets and medium-term financial plans, which have each been approved by management and cover either a three or five-year period. These projections exclude any estimated future cash inflows or outflows expected to arise from restructuring not yet implemented.

Given their nature, the cash flow projections are influenced by:

- Net Revenue growth based upon forecast future sales volumes and prices, which take account of the expected impact from committed new product initiatives, geographical expansion and the maturity of the markets in which each GCGU or CGU operates;
- Gross Margin based on historical experience adjusted for the impact of forecast production costs, cost optimisation initiatives and changes in product mix;
- Marketing and other expenditure, reflecting historical experience, expected levels of cost inflation, committed cost saving initiatives and future levels of marketing support required to sustain, grow and further innovate brands; and
- The discount rates used to calculate the present value of cash flows.

Cash flows beyond the initial three or five-year period are forecast using progressively decreasing growth rates followed by terminal growth rates. These rates do not exceed the long-term average growth rate for the products and markets in which the GCGU or CGU operates.

Management has determined an appropriate discount rate for each GCGU and CGU. In 2018, this was performed via a bottom-up analysis of the relevant Weighted Average Cost of Capital (WACC), combined with benchmarking of comparable companies.

Due to the wide geographic and product diversification of their respective markets, and the diverse risks associated with a number of GCGUs and CGUs, a pre-tax discount rate of 10% was determined for both the Health and Hygiene Home GCGUs as well as the Sexual Wellbeing CGU (2017: 10%).

The IFCN recoverable amount was calculated on a value in use basis using a pre-tax discount rate of 10%. In 2017, the IFCN recoverable amount was calculated on a fair value less costs of disposal basis using a post-tax discount rate of 8%.

The Oriental Pharma CGU is concentrated in China while the Brazilian Sexual Wellbeing CGU is concentrated in Brazil. Pre-tax discount rates of 13% were applied to both CGUs, reflecting the risks specific to each of these businesses.

	2018		2017	
GCGU/CGU	**Terminal growth rate %**	**Discount rate %**	Terminal growth rate %	Discount rate %
Health	**3**	**10**	4	10
Hygiene Home[1]	**2**	**10**	2	10
IFCN[2]	**3**	**10**	3	8
Oriental Pharma	**3**	**13**	4	12
Sexual Wellbeing	**3**	**10**	4	10
Brazilian Sexual Wellbeing	**3**	**13**	4	13

1. In 2017, the Hygiene terminal growth rate was 2% while the Home terminal growth rate was 1%.
2. The 2018 IFCN discount rate is on a pre-tax basis while the 2017 IFCN discount rate is on a post-tax basis.

9 Goodwill and Other Intangible Assets continued

Following the Group's annual impairment review, no impairments have been identified.

For the Health and Hygiene Home GCGUs, along with the Sexual Wellbeing and Brazilian Sexual Wellbeing CGUs, any reasonably possible change in the key valuation assumptions would not imply possible impairment. The results of the IFCN and Oriental Pharma impairment reviews are summarised below.

IFCN

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

As part of the 2018 IFCN impairment assessment, future cash flows were estimated using a ten-year IFCN forecast (covering the period 2019 to 2028), which was derived from a detailed five-year financial plan and progressively decreasing growth rates thereafter. Over this period, the Net Revenue growth rates ranged between 3% and 6% per annum. A terminal growth rate of 3% was applied from 2029 onwards.

The IFCN impairment assessment indicated that the recoverable amount exceeded the net book value by less than 10 percent. This valuation incorporated the impact of the 2018 disruption at our European manufacturing plant. Looking ahead, management remains committed to delivering the expected sustained growth in both IFCN revenue and margins. This growth is expected to be achieved through an increase in volumes (generated via the utilisation of IFCN's already strong presence in developing and often fragmented markets), ongoing product innovation and premiumisation, and the achievement of scale and synergies with the wider RB Group.

The table below shows the impairment charge that would be required if key assumptions were negatively impacted. The table assumes no response by management (e.g. to drive further cost savings) and hence is theoretical in nature.

	Impairment charge £m
Expected Net Revenue growth rates (2019 to 2028) adjusted downwards by 100 bps	1,300
Expected EBIT growth rates (2019 to 2028) adjusted downwards by 100 bps	1,000
Terminal growth rate adjusted downwards by 100 bps	1,000
Pre-tax discount rate adjusted upwards by 100 bps	1,500

The table below shows the percentage movement in key assumptions that (individually) would be required to reach the point at which the IFCN value in use approximates its carrying value.

	Movement
Expected Net Revenue growth rates (2019-2028)	30 bps decrease
Expected EBIT growth rates (2019-2028)	30 bps decrease
Terminal growth rate	30 bps decrease
Pre-tax discount rate	20 bps increase

Oriental Pharma

The value in use of the Oriental Pharma CGU approximates its carrying value, and as such is highly sensitive to changes in key assumptions. If all other assumptions were held constant, a 30 percent reduction in assumed Net Revenue growth rates between 2019 and 2023 would lead to an impairment of £23 million. In addition, a 100 bps increase in the discount rate would result in an impairment of £15 million while a 100 bps reduction in the terminal growth rate would result in an impairment of £8 million. Applying these sensitivities together would result in an impairment of circa £37 million.

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost				
At 1 January 2017	676	1,325	110	2,111
Additions	42	67	180	289
Arising on business combinations	399	439	82	920
Disposals	(42)	(165)	(8)	(215)
Transferred to assets classified as held for sale	(30)	(5)	–	(35)
Reclassifications	50	71	(121)	–
Exchange adjustments	(33)	(36)	(7)	(76)
At 31 December 2017	**1,062**	**1,696**	**236**	**2,994**
Additions	24	61	244	329
Disposals	(18)	(35)	–	(53)
Reclassifications	35	121	(156)	–
Exchange adjustments	14	14	3	31
At 31 December 2018	**1,117**	**1,857**	**327**	**3,301**
Accumulated depreciation and impairment				
At 1 January 2017	270	963	–	1,233
Charge for the year	48	150	–	198
Disposals	(24)	(150)	–	(174)
Impairment losses	3	–	–	3
Transferred to assets classified as held for sale	(14)	(4)	–	(18)
Exchange adjustments	(1)	(1)	–	(2)
At 31 December 2017	**282**	**958**	**–**	**1,240**
Charge for the year	54	169	–	223
Disposals	(2)	(26)	–	(28)
Impairment losses	5	1	–	6
Reclassifications	2	(2)	–	–
Exchange adjustments	2	–	–	2
At 31 December 2018	**343**	**1,100**	**–**	**1,443**
Net book value				
As at 31 December 2017	**780**	**738**	**236**	**1,754**
As at 31 December 2018	**774**	**757**	**327**	**1,858**

In the prior year, assets under construction were shown in plant and equipment. In the current year, they are shown separately from the other asset classes. Prior year amounts have been re-presented on a consistent basis.

The Group has commitments to purchase property, plant and equipment of £48 million (2017: £90 million).

11 Deferred Tax

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2017	(5)	(2,335)	349	8	81	(1,902)
Credited/(charged) to the Income Statement	13	1,676	(75)	(4)	(13)	1,597
Credited/(charged) to other comprehensive income	1	(1)	(5)	–	(26)	(31)
Charged directly to equity	–	–	(14)	–	–	(14)
Arising on business combinations	(45)	(3,397)	212	9	27	(3,194)
Divestment of discontinued operations	3	17	–	–	(6)	14
Exchange differences	4	229	(21)	(2)	(5)	205
At 31 December 2017	(29)	(3,811)	446	11	58	(3,325)

2017	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	10	(24)	108	4	20	118
Deferred tax liabilities	(39)	(3,787)	338	7	38	(3,443)
Deferred tax	(29)	(3,811)	446	11	58	(3,325)

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2018	**(29)**	**(3,811)**	**446**	**11**	**58**	**(3,325)**
Credited/(charged) to the Income Statement	**6**	**75**	**(27)**	**12**	**(7)**	**59**
Credited/(charged) to other comprehensive income	**–**	**–**	**4**	**–**	**(26)**	**(22)**
Charged directly to equity	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Arising on business combinations	**–**	**–**	**(2)**	**–**	**–**	**(2)**
Exchange differences	**(1)**	**(112)**	**–**	**1**	**4**	**(108)**
At 31 December 2018	**(24)**	**(3,848)**	**409**	**24**	**29**	**(3,410)**

2018	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	**10**	**(19)**	**186**	**16**	**16**	**209**
Deferred tax liabilities	**(34)**	**(3,829)**	**223**	**8**	**13**	**(3,619)**
Deferred tax	**(24)**	**(3,848)**	**409**	**24**	**29**	**(3,410)**

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

Certain deferred tax assets in respect of corporation tax losses and other temporary differences totalling £1,063 million (2017: £1,139 million) have not been recognised at 31 December 2018 as it is not probable that taxable profit will be available, against which the deductible temporary differences can be utilised. These assets will be recognised if utilisation of the losses and other temporary differences becomes sufficiently probable.

12 Inventories

	2018 £m	2017 £m
Raw materials and consumables	**286**	269
Work in progress	**91**	120
Finished goods and goods held for resale	**899**	812
Total inventories	**1,276**	1,201

The total cost of inventories recognised as an expense and included in cost of sales amounted to £4,732 million (2017: £4,426 million). This includes inventory write-offs and losses of £150 million (2017: £73 million).

The Group inventory provision at 31 December 2018 was £159 million (2017: £95 million).

13 Trade and Other Receivables

Amounts falling due within one year	2018 £m	2017 £m
Trade receivables	**1,902**	1,778
Less: Provision for impairment of receivables	**(67)**	(55)
Trade receivables – net	**1,835**	1,723
Other receivables	**192**	215
Prepayments and accrued income	**70**	66
	2,097	2,004

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

	2018 £m	2017 £m
US dollar	**687**	547
Euro	**299**	317
Sterling	**128**	112
Brazil real	**120**	119
Other currencies	**863**	909
	2,097	2,004

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

a Trade receivables

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

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

13 Trade and Other Receivables continued

Ageing analysis	2018 £m	2017 £m
Not overdue	**1,538**	1,502
Up to three months overdue	**311**	217
Over three months overdue	**53**	59
Trade receivables	**1,902**	1,778

At 31 December 2018, a provision of £67 million (2017: £55 million) was recorded against certain trade receivables based on a forward-looking assessment of the lifetime expected credit loss as required by IFRS 9. This assessment considered the ageing profiles of specific trade receivable balances along with the risk of future customer defaults.

As at 31 December 2018, trade receivables of £297 million (2017: £221 million) were past due but not impaired. These receivables were not impaired because having considered their nature and historical collection, recovery of the unprovided amounts is expected in due course.

b Other current receivables

Other receivables includes recoverable sales tax of £121 million (2017: £151 million). This contains £4 million (2017: £3 million) of impaired assets all aged over three months from a broad range of countries within the Group.

Other non-current receivables

Non-current other receivables at 31 December 2018 were £109 million (2017: £99 million). This includes non-current derivative financial instruments of £1 million (2017: £2 million).

14 Financial Instruments and Financial Risk Management

'IFRS 9 – Financial Instruments' replaces 'IAS 39 Financial Instruments – Recognition and measurement' and was adopted by RB from 1 January 2018. IFRS 9 covers the recognition and measurement of financial instruments, impairment, derecognition and general hedge accounting, as well as emphasising Treasury-related risk management activities. The adoption of IFRS 9 did not result in any material changes to the recognition of financial instruments.

Financial Instruments by Category

At 31 December 2018	Amortised cost £m	Hedging Instruments at fair value £m	Fair value through the Income Statement £m	Fair value through OCI £m	Carrying value total £m
Assets as per the Balance Sheet					
Trade and other receivables[1]	**2,086**	**–**	**–**	**–**	**2,086**
Derivative financial instruments – FX forward exchange contracts	**–**	**24**	**15**	**–**	**39**
Equity instruments – FVOCI[2]	**–**	**–**	**–**	**53**	**53**
Cash and cash equivalents	**1,483**	**–**	**–**	**–**	**1,483**

	Hedging Instruments at fair value £m	Fair value through the Income Statement £m	Amortised cost £m	Carrying value total £m
Liabilities as per the Balance Sheet				
Borrowings (commercial paper, bank loans and overdrafts)[3]	**–**	**–**	**1,648**	**1,648**
Financial lease obligations[3]	**–**	**–**	**1**	**1**
Bonds	**–**	**–**	**6,440**	**6,440**
Senior notes	**–**	**–**	**2,464**	**2,464**
Term loans	**–**	**–**	**1,326**	**1,326**
Derivative financial instruments – FX forward exchange contracts	**17**	**9**	**–**	**26**
Derivative financial instruments – Interest rate swaps	**16**	**–**	**–**	**16**
Trade and other payables[4]	**–**	**–**	**4,664**	**4,664**
Other non-current liabilities[4,5]	**–**	**–**	**224**	**224**

14 Financial Instruments and Financial Risk Management continued

At 31 December 2017	Amortised cost £m	Hedging Instruments at fair value £m	Fair value through the Income Statement £m	Fair value through OCI £m	Carrying value total £m
Assets as per the Balance Sheet					
Trade and other receivables[1]	1,998	–	–	–	1,998
Derivative financial instruments – FX forward exchange contracts	–	15	5	–	20
Equity instruments – FVOCI[2]	–	–	–	41	41
Cash and cash equivalents	2,125	–	–	–	2,125

	Hedging Instruments at fair value £m	Fair value through the Income Statement £m	Amortised cost £m	Carrying value total £m
Liabilities as per the Balance Sheet				
Borrowings (commercial paper, bank loans and overdrafts)[3]	–	–	976	976
Bonds	–	–	6,443	6,443
Senior notes	–	–	2,350	2,350
Term loans	–	–	3,092	3,092
Derivative financial instruments – FX forward exchange contracts	16	3	–	19
Derivative financial instruments – Interest rate swaps	12	–	–	12
Trade and other payables[4]	–	–	4,410	4,410
Other non-current liabilities[4,5]	–	–	196	196

1. Prepayments and employee benefit assets are excluded from the trade and other receivables balance as they are out of scope of IFRS 7.
2. Equity instruments – FVOCI (classified as available for sale financial assets prior to the adoption of IFRS 9) relate to an investment of less than 1% of the shares in issue of China Resources Pharmaceutical Group Limited (CRP) and an investment in Pharmapacks, LLC.
3. The categories in this disclosure are determined by IFRS 9. Borrowings largely relate to commercial paper. As at 31 December 2018, the Group had commercial paper in issue amounting to $783 million (nominal values) at the rate of between 2.54% and 2.98% with maturities ranging from 3 January 2019 to 7 March 2019, and €1,110 million (nominal values) at the rate of between negative 0.21% and negative 0.25% with maturities ranging from 23 January 2019 to 13 June 2019. Finance leases are outside the scope of IFRS 9, but they remain within the scope of IFRS 7. Therefore finance leases have been shown separately.
4. Social security liabilities, other employee benefit liabilities, and interest accrued on tax balances are excluded as they are out of scope of IFRS 7.
5. Other non-current liabilities principally comprise a put option over the non-controlling interests of certain Group subsidiaries in China of £148 million (2017: £105 million). Refer to Note 26 for further details.

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

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

14 Financial Instruments and Financial Risk Management continued

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

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2018				
Assets as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		**39**		**39**
Equity instruments – FVOCI	**44**		**9**	**53**
Liabilities as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		**26**		**26**
Derivative financial instruments – Interest rate swaps		**16**		**16**
At 31 December 2017				
Assets as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		20		20
Equity instruments – FVOCI	41			41
Liabilities as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts		19		19
Derivative financial instruments – Interest rate swaps		12		12

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

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

Except for the bonds and senior notes, the fair values of other financial assets and liabilities at amortised cost approximate their carrying values. The fair value of the bonds as at 31 December 2018 is a liability of £6,175 million (2017: £6,375 million) and the fair value of the senior notes as at 31 December 2018 is a liability of £2,432 million (2017: £2,391 million). The fair value of the bonds and senior notes was derived using quoted market rates in an active market (level 1 classification).

Offsetting Financial Assets and Financial Liabilities

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

(a) Financial assets

At 31 December 2018	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the Balance Sheet £m	Net amounts of financial assets presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	**39**	–	**39**	**(21)**	**18**
Cash and cash equivalents	**1,483**	–	**1,483**	–	**1,483**
	1,522	–	**1,522**	**(21)**	**1,501**

14 Financial Instruments and Financial Risk Management continued

As at 31 December 2017	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the Balance Sheet £m	Net amounts of financial assets presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	20	–	20	(13)	7
Cash and cash equivalents	2,125	–	2,125	–	2,125
	2,145	–	2,145	(13)	2,132

(b) Financial liabilities

As at 31 December 2018	**Gross amounts of recognised financial liabilities £m**	**Gross amounts of recognised financial assets set off in the Balance Sheet £m**	**Net amounts of financial liabilities presented in the Balance Sheet £m**	**Financial instruments not set off in the Balance Sheet £m**	**Net amount £m**
Forward foreign exchange contracts	**(26)**	**–**	**(26)**	**21**	**(5)**
Interest rate swaps	**(16)**	**–**	**(16)**	**–**	**(16)**
Bank overdrafts	**(6)**	**–**	**(6)**	**–**	**(6)**
	(48)	**–**	**(48)**	**21**	**(27)**

As at 31 December 2017	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the Balance Sheet £m	Net amounts of financial liabilities presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
Forward foreign exchange contracts	(19)	–	(19)	13	(6)
Interest rate swaps	(12)	–	(12)	–	(12)
Bank overdrafts	(8)	–	(8)	–	(8)
	(39)	–	(39)	13	(26)

Financial Risk Management

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

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

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

1. Market risk

(a) Currency risk

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

14 Financial Instruments and Financial Risk Management continued

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

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

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

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

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2018 was £4,486 million payable (2017: £2,760 million payable).

As at 31 December 2018, the Group had designated bonds totalling $500 million (2017: $1,000 million) as the hedging instrument in a net investment hedge relationship. The hedged risk is the foreign exchange currency risk on the value of the Group's net investments in US dollars. Possible sources of ineffectiveness include any impairments to the Group's net investments in US dollars. The hedges are documented and are assessed for effectiveness on an ongoing basis.

As at 31 December 2018, the Group had designated commercial paper totalling €1,000 million (2017: €1,000 million), for which the carrying value was equal to the fair value, as the hedging instrument in a net investment hedge relationship. This is to hedge the risk of loss in value of the Group's Euro net investments due to exchange rate fluctuations. The hedges are documented and are assessed for effectiveness on an ongoing basis.

The net gain or loss under these arrangements is recognised in other comprehensive income. The net effect on other comprehensive income for the year ended 31 December 2018 was a £44 million loss (2017: £44 million gain). If Sterling strengthens/weakens by 5% against the US dollar and Euro, the maximum impact on Shareholders' equity due to net investment hedging by US dollar bond and Euro commercial paper would be £20 million and £47 million respectively.

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

Cash Flow Hedge Profile	2018 £m	2017 £m
Euro	**403**	221
US dollar	**395**	115
Sterling	**241**	383
Chinese renminbi	**214**	–
Mexican peso	**88**	41
Canadian dollar	**82**	105
Australian dollar	**61**	63
Saudi riyal	**40**	98
Other	**351**	286
	1,875	1,312

These forward foreign exchange contracts are expected to mature over the period January 2019 to December 2020 (2017: January 2018 to December 2020).

14 Financial Instruments and Financial Risk Management continued

Hedge accounting is applied to the cash flow hedges and the economic relationship and expected effectiveness is assessed at inception, with any ineffectiveness recognised in the Income Statement. The ineffective portion recognised in the Income Statement arising from cash flow hedges is immaterial (2017: immaterial).

Gains and losses recognised in the hedging reserve in other comprehensive income on forward exchange contracts in 2018 of £6 million gain (2017: £12 million gain) are recognised in the Income Statement in the year or years during which the hedged forecast transaction affects the Income Statement, which is generally within 36 months from the Balance Sheet date.

At 31 December 2018, the Group had forward contracts used for cash flow hedging with total fair value of £7 million asset (2017: £1 million liability). These contracts are denominated in a diverse range of currency pairings, where a fluctuation of 5% in any one of the contract pairings, with all others remaining constant, would have a maximum effect of £25 million (2017: £13 million) on Shareholder equity, until the point at which the contracts mature and the forecast transaction occurs. The four largest contract pairings in order of nominal value were US dollar/Chinese renminbi, Euro/Polish zloty, US dollar/Euro and Sterling/Euro.

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

The gains and losses from fair value movements on derivatives held at fair value through the Income Statement, recognised in the Income Statement in 2018, was a £65 million gain (2017: £61 million loss).

(b) Price risk

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

(c) Interest rate risk

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

Under the Group's interest rate management strategy a percentage of fixed interest rate borrowings have been swapped to floating interest rate. The Group's debt is obtained on a fixed or floating basis to align with fixed to floating debt requirements.

Interest rate swaps are held to hedge the interest rate risk associated with the $700 million 2019 Senior Note and $750 million 2020 Senior Note. The interest rate swaps convert the fixed rate of 4.9% on the 2019 Senior Note and 3% on the 2020 Senior Note to floating and have been designated as a fair value hedge. As at 31 December 2018, interest rate swaps held at fair value totalled £16 million payable (2017: £12 million payable). The fair value adjustment applied to the bonds due to the hedge designation totalled £16 million receivable (2017: £12 million receivable). The hedges are documented and assessed for ineffectiveness on an ongoing basis, with any ineffectiveness recognised in the Income Statement. Possible sources of ineffectiveness include any changes to credit ratings of the Group or counterparties to the interest rate swaps, differences in day counts between the interest rate swaps and the coupons of the hedged senior notes, and modifications to the senior notes such as any repayments.

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

14 Financial Instruments and Financial Risk Management continued

The scenarios are only run for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the Income Statement of a 50 basis-point shift in interest rates would be a maximum increase of £16 million (2017: £18 million) or decrease of £16 million (2017: £18 million), respectively, for the liabilities covered. The simulation is done on a periodic basis to verify that the maximum loss simulated is within the limit given by management.

2. Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The assessment of lifetime expected credit losses relating to trade and other receivables is detailed in Note 13. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The Group uses BBB and higher rated counterparties to manage risk and only uses sub-BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Group has counterparty risk from asset positions held with financial institutions. This is comprised of short-term investments, cash and cash equivalents and derivatives positions as stated on the face of the Balance Sheet. For risk management purposes, the Group assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and 5% of derivative notional position. The following table summarises the Group's assessment of its exposure:

	2018		
Counterparty	**Credit rating**	**Limit £m**	**Exposure £m**
Financial institution A	**AA-**	**200**	**201**
Financial institution B	**AAA**	**300**	**168**
Financial institution C	**A+**	**150**	**133**
Financial institution D	**A**	**121**	**112**
Financial institution E	**A**	**125**	**107**
Financial institution F	**A**	**100**	**99**
Financial institution G	**A+**	**125**	**95**
Financial institution H	**A**	**125**	**89**
Financial institution I	**A**	**115**	**85**
Financial institution J	**A**	**125**	**84**

	2017		
Counterparty	Credit rating	Limit £m	Exposure £m
Financial institution A	AAA	300	266
Financial institution B	AAA	250	193
Financial institution C	AAA	300	189
Financial institution D	AAA	200	182
Financial institution E	A+	150	179
Financial institution F	AA-	200	163
Financial institution G	AAA	300	115
Financial institution H	A	125	97
Financial institution I	A	125	93
Financial institution J	AA-	100	90

14 Financial Instruments and Financial Risk Management continued

3. Liquidity risk

Liquidity risk is the risk that the Group cannot repay financial liabilities as and when they fall due. The Group's liquidity risk is concentrated towards bond, term loan and senior note principal repayments due between 2019 and 2044.

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

At the end of 2018, the Group had long-term debt of £9,670 million (2017: £11,515 million), of which £9,091 million (2017: £10,979 million) is repayable in more than two years. In addition, the Group has undrawn committed borrowing facilities totalling £4,500 million (2017: £4,500 million), which expire after more than two years. The committed borrowing facilities (both drawn and undrawn), together with central cash and investments, are considered sufficient to meet the Group's projected cash requirements.

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

	2018 £m	2017 £m
Undrawn committed borrowing facilities:		
Expiring within one year	**–**	–
Expiring between one and two years	**–**	–
Expiring after more than two years	**4,500**	4,500
	4,500	4,500

All borrowing facilities are at floating rates of interest.

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

The Group's borrowing limit at 31 December 2018, calculated in accordance with the Articles of Association, was £44,228 million (2017: £40,599 million).

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

At 31 December 2018	**Total £m**	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Commercial paper	**(1,608)**	**(1,608)**	**–**	**–**	**–**
Bonds	**(7,511)**	**(183)**	**(183)**	**(3,389)**	**(3,756)**
Term loans	**(1,476)**	**(42)**	**(42)**	**(1,392)**	**–**
Senior notes	**(3,337)**	**(650)**	**(662)**	**(169)**	**(1,856)**
Other borrowings	**(40)**	**(40)**	**–**	**–**	**–**
Interest rate swaps	**(18)**	**(12)**	**(6)**	**–**	**–**
Trade payables	**(1,798)**	**(1,798)**	**–**	**–**	**–**
Other payables	**(3,100)**	**(2,865)**	**(76)**	**–**	**(159)**

14 Financial Instruments and Financial Risk Management continued

At 31 December 2017	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Commercial paper	(948)	(948)	–	–	–
Bonds	(7,631)	(546)	(171)	(2,890)	(4,024)
Term loans	(3,343)	(65)	(65)	(3,213)	–
Senior notes	(3,243)	(95)	(613)	(731)	(1,804)
Other borrowings	(28)	(28)	–	–	–
Interest rate swaps	(16)	(2)	(8)	(6)	–
Trade payables	(1,770)	(1,770)	–	–	–
Other payables	(2,844)	(2,640)	(91)	(113)	–

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

At 31 December 2018	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Forward exchange contracts				
Outflow	**(4,480)**	**(6)**	**–**	**–**
Inflow	**4,491**	**8**	**–**	**–**

At 31 December 2017	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Forward exchange contracts				
Outflow	(2,749)	(6)	(3)	–
Inflow	2,763	8	5	–

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

4. Capital management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents, short-term other investments and financing derivative financial instruments (Note 16). Total equity includes share capital, reserves and retained earnings as shown in the Group Balance Sheet.

	2018 £m	2017 £m
Net debt (Note 16)	**10,406**	10,746
Total equity	**14,789**	13,573
	25,195	24,319

14 Financial Instruments and Financial Risk Management continued

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

In 2018, the Group provided returns to Shareholders in the form of dividends. Refer to Note 27 for further details.

The Group monitors net debt and at the year end the Group had net debt of £10,406 million (2017: £10,746 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

Certain suppliers to the Group are able to access a supply chain financing arrangement that enables them to fund their working capital. As part of this facility, the Group has confirmed to certain financial institutions that it will make payments of £322 million (2017: £277 million) to these suppliers as they fall due. These amounts are recorded within trade payables on the Balance Sheet and all cash flows associated with the programme are included within operating cash flows as they continue to be part of the normal operating cycle of the Group.

15 Cash and Cash Equivalents

	2018 £m	2017 £m
Cash at bank and in hand	**635**	1,355
Short-term bank deposits	**848**	770
Cash and cash equivalents	**1,483**	2,125

The Group operates in a number of territories where there are either foreign currency exchange restrictions, or where it is difficult for the Group to extract cash readily and easily in the short-term. As a result, £2 million (2017: £10 million) of cash included in cash and cash equivalents is restricted for use by the Group, yet is available for use in the relevant subsidiary's day-to-day operations.

16 Financial Liabilities – Borrowings

Current	2018 £m	2017 £m
Bank loans and overdrafts[1]	**40**	28
Commercial paper[2]	**1,608**	948
Bonds	**–**	370
Senior notes	**560**	–
Finance lease obligations	**1**	–
	2,209	1,346

Non-current	2018 £m	2017 £m
Bonds	**6,440**	6,073
Senior notes	**1,904**	2,350
Term loans	**1,326**	3,092
	9,670	11,515

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

16 Financial Liabilities – Borrowings continued

Maturity of debt	2018 £m	2017 £m
Bank loans and overdrafts repayable:		
Within one year or on demand	**40**	28
Other borrowings repayable:		
Within one year:		
Commercial paper	**1,608**	948
Finance leases	**1**	–
Bonds	**–**	370
Senior notes	**560**	–
After one year and in less than five years:		
Bonds	**2,930**	2,399
Senior notes	**579**	1,095
Term loans	**1,326**	1,324
After five years or longer:		
Bonds	**3,510**	3,674
Senior notes	**1,325**	1,255
Term loans	**–**	1,768
	11,839	12,833
Gross borrowings (unsecured)	**11,879**	12,861

Analysis of net debt	2018 £m	2017 £m
Cash and cash equivalents	**1,483**	2,125
Overdrafts	**(6)**	(8)
Cash and cash equivalents	**1,477**	2,117
Borrowings (excluding overdrafts)	**(11,873)**	(12,853)
Derivative financial instruments (debt)	**(10)**	(10)
Financing liabilities	**(11,883)**	(12,863)
Short-term investments	**–**	–
Net debt at end of year	**(10,406)**	(10,746)

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

	Assets		Liabilities	
2017 (£m)	Current	Non-Current	Current	Non-Current
Derivative financial instruments (debt)	5	–	(3)	(12)
Derivative financial instruments (non-debt)	13	2	(16)	–
At 31 December 2017	18	2	(19)	(12)

	Assets		Liabilities	
2018 (£m)	Current	Non-Current	Current	Non-Current
Derivative financial instruments (debt)	**15**	**–**	**(25)**	**–**
Derivative financial instruments (non-debt)	**23**	**1**	**(17)**	**–**
At 31 December 2018	**38**	**1**	**(42)**	**–**

Note that non-current derivative assets are presented within other non-current receivables on the Balance Sheet.

16 Financial Liabilities – Borrowings continued

	Cash and cash equivalents £m	Financing liabilities £m	Net Debt £m	2017 Net Debt £m
At 1 January 2018	2,117	(12,863)	**(10,746)**	(1,391)
Net (decrease)/increase in cash and cash equivalents	(586)	–	**(586)**	1,332
Proceeds from borrowings	–	(697)	**(697)**	(19,523)
Repayment of borrowings	–	2,244	**2,244**	10,723
Arising on business combinations	–	–	**–**	(2,525)
Other financing cash flows	–	(24)	**(24)**	(12)
Reduction in short-term investments	–	–	**–**	(3)
Exchange, fair value and other movements	(54)	(543)	**(597)**	653
At 31 December 2018	1,477	(11,883)	**(10,406)**	(10,746)

17 Provisions for Liabilities and Charges

	Legal provisions £m	Restructuring provisions £m	Other provisions £m	Total provisions £m
At 1 January 2017	329	22	74	425
Charged to the Income Statement	352	17	15	384
Arising on business combinations	–	7	–	7
Utilised during the year	(142)	(20)	(9)	(171)
Released to the Income Statement	(44)	–	(9)	(53)
Exchange adjustments	6	–	–	6
At 31 December 2017	**501**	**26**	**71**	**598**
Charged to the Income Statement	**38**	**44**	**30**	**112**
Arising on business combinations	**–**	**–**	**31**	**31**
Utilised during the year	**(74)**	**(7)**	**(21)**	**(102)**
Released to the Income Statement	**(5)**	**(1)**	**(5)**	**(11)**
Exchange adjustments	**1**	**1**	**(1)**	**1**
At 31 December 2018	**461**	**63**	**105**	**629**

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

	2018 £m	2017 £m
Current	**542**	517
Non-current	**87**	81
	629	598

Legal provisions of £461 million (2017: £501 million) include exceptional legal provisions of £431 million (2017: £465 million) in relation to a number of historical regulatory matters in a number of markets, predominantly the "DoJ" investigation referenced in Note 19 (£313 million) and the HS issue in South Korea. The HS issue was a tragic event. The Group continues to make both public and personal apologies to victims. During the year, a number of payments were made to claimants in respect of Rounds 1, 2, 3 and 4 of the HS issue, partially utilising the provision held for this matter.

The restructuring provision relates principally to business integration costs associated with the acquisition of MJN and subsequent RB 2.0 reorganisation, the majority of which is expected to be utilised within one year.

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

18 Operating Lease Commitments

Future minimum lease payments under non-cancellable operating leases due	2018 £m	2017 £m
Within one year	**88**	76
Later than one and less than five years	**179**	178
After five years	**75**	86
	342	340

The majority of operating leases relate to property. Provisions of £17 million (2017: £16 million) have been recognised in respect of onerous leases that arose as a result of Group restructuring following business combinations.

Operating lease rentals charged to the Income Statement in 2018 were £95 million (2017: £77 million).

As at 31 December 2018, total amounts expected to be received under non-cancellable sub-lease arrangements were £24 million (2017: £6 million).

Amounts credited to the Income Statement in respect of sub-lease arrangements were £2 million (2017: £2 million).

19 Contingent Liabilities and Assets

The Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RB Pharmaceuticals ("RBP") business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters. These investigations and related proceedings are continuing and the Group has been in discussions with the DoJ. At 31 December 2018, the Company was recognising a provision (denominated in US dollars) of $400 million (2017: $400 million) or £313 million (2017: £296 million). The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Group may be substantially higher than this provision.

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

HS South Korea

The HS issue in South Korea was a tragic event. The Group continues to make both public and personal apologies to victims. There are a number of further expected costs and income relating to the issue that either cannot be reliably estimated or are not considered probable at the current time. In particular:

1. Round 4 lung injury: The South Korean government opened Round 4 to new applicants on 25 April 2016 for an indefinite period. It has received 4,990 applications to participate in Round 4 as at 11 January 2019 and continues to receive applications. Oxy RB has commenced payments under a compensation plan during 2018 and made provision for the Round 4 Oxy RB Category I & II users categorised to date. The number of additional victims in Round 4 cannot be reliably estimated at the current time as it is open for an indefinite period.

2. Asthma-related injury and other potential lung or non-lung injuries: A damage relief committee set up by the Ministry of Environment ("MOE") announced a recognition standard for asthma caused by HS, based on the increased incidence of asthma in HS users. From 23 July 2018, HS users can apply for asthma-only categorisation as part of Round 4. No provision has been made because:
   a) no detailed underlying data has yet been made available in respect of general causation of asthma injuries by HS, although 316 victims have been announced by the MOE as at 26 December 2018; and
   b) it is not possible to estimate the total number of applicants across all rounds (including future asthma-only claims in Round 4) and therefore the total number of potential victims with potential asthma injuries, or for any other injuries that the MOE may decide to recognise.

19 Contingent Liabilities and Assets continued

3. The Group continues to assess and, where appropriate, pursue rights which Oxy RB may have to recover sums from other involved parties.

4. On 9 August 2017, the Humidifier Sanitiser Injury Special Relief Act became effective and further amendments have since been introduced. Given the high profile and complex nature of this issue, the amendments to this Act, the rules and regulations issued pursuant to this Act and other legal or governmental proposals or developments in South Korea may give rise to further financial liability for RB.

20 Trade and Other Payables

	2018 £m	2017 £m
Trade payables	**1,798**	1,770
Other payables	**104**	139
Other tax and social security payable	**123**	165
Accruals	**2,786**	2,555
	4,811	4,629

Included within accruals is £1,025 million (2017: £905 million) in respect of amounts payable to trade customers and government bodies for trade spend.

Within other non-current liabilities of £448 million (2017: £408 million) is a financial liability of £148 million (2017: £105 million). This liability is in respect of the present value of the expected redemption amount of a written put option granted to the non-controlling interest as described in Note 26. The amortised cost of the liability is subject to estimation of the future performance of certain Group products. Future changes in estimation would result in the remeasurement of the liability through the Income Statement. In addition, other non-current liabilities includes US employee related payables of £32 million (2017: £34 million), and interest accrued on tax balances of £191 million (2017: £189 million).

21 Current and Non-Current Tax Liabilities

	2018 £m	2017 £m
Current tax liabilities	**(10)**	(65)
Non-current tax liabilities	**(1,105)**	(1,012)
Total current and non-current tax liabilities	**(1,115)**	(1,077)

Included in total current and non-current tax liabilities is an amount of £1,002 million (2017: £1,014 million) relating to tax contingencies primarily arising in relation to transfer pricing and financing.

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

22 Pension and Post-Retirement Commitments

Plan Details

The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees, which are principally funded. The Group's most significant defined benefit pension plan (UK) is a final salary plan, which closed to new entrants in 2005 and following consultation was closed to further accrual from 31 December 2017. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. The plan is funded by the payment of contributions to the plan's trust, which is a separate entity from the rest of the Group.

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

For the principal UK plan, a full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out at 5 April 2016. The Group has agreed that it will aim to eliminate the pension plan technical provisions deficit in the UK and Ireland by the end of 2020. Funding levels are monitored on an annual basis and the current agreed annual deficit reduction contributions are £25 million p.a. It is expected that contributions to the UK defined benefit plan in 2019 will be £25 million (2018: £30 million).

During 2018, a UK High Court ruling (the 'Lloyds Case') clarified the benefits due to members of certain UK defined benefit pension schemes under the provisions of 'Guaranteed Minimum Pension' (GMP), which led to enhanced benefits in some circumstances. As no allowance had previously been made, accordingly a past service cost has been charged in the current year of £4 million (2017: N/A) reflecting the best estimate of the likely additional benefits that will be due to members. The final amount will be subject to agreement of the relevant pension trustees.

For the US Retiree Health Care Plan, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out on 1 January 2018. For the Mead Johnson & Company, LLC Medical Plan, the most recent valuation was carried out at 31 December 2018. For both of these plans, funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that the combined contributions to these plans in 2019 will be £8 million (2018: £10 million).

For the purpose of IAS 19, the projected unit valuation method was used for the UK and US plans, as per the principal UK plan triennial valuation results (at 5 April 2016) and the US (Medical) plan valuations to 31 December 2018. The UK plans have a weighted average duration of the deferred benefit obligation of 17.6 years (2018: 18.5 years).

22 Pension and Post-Retirement Commitments continued

Significant Actuarial Assumptions

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

	2018		2017	
	UK %	US (Medical) %	UK %	US (Medical) %
Rate of increase in pensionable salaries	**5.4**	**–**	5.4	–
Rate of increase in deferred pensions during deferment	**3.2**	**–**	3.2	–
Rate of increase in pension payments	**3.0**	**–**	3.0	–
Discount rate	**2.7**	**4.1**	2.4	3.5
Inflation assumption – RPI	**3.4**	**–**	3.4	–
Annual medical cost inflation	**–**	**4.5-8.0**	–	5.0-8.5

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

	2018		2017	
	UK years	US years	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	**29.2**	**25.0**	29.1	25.1
Female	**30.1**	**27.2**	29.9	27.3
Number of years a future pensioner is expected to live beyond 60:				
Male	**30.9**	**26.8**	30.8	26.8
Female	**31.8**	**28.9**	31.7	29.0

For the principal UK plan, the mortality assumptions were based on the standard SAPS mortality table 2NMA for males (scaled by 85%) and table 2NFA for females (scaled by 100%). Allowance for future improvements is made by adopting the 2015 edition of the CMI series with a long-term improvement trend of 1.5% per annum from 2007 onwards. For the US plan, the mortality assumptions were determined using the RP-2014 Total Employee and Healthy Annuitant Mortality Tables regressed to 2006 and projected with Mortality Improvement Scale MP-2018.

Amounts Recognised on the Balance Sheet

The amounts recognised on the Balance Sheet are as follows:

	2018 £m	2017 £m
Balance Sheet liability for:		
UK	**–**	(55)
US (Medical)	**(126)**	(137)
Other	**(192)**	(201)
Liability on Balance Sheet	**(318)**	(393)
Balance Sheet assets for:		
UK	**138**	33
Other	**53**	57
Asset on Balance Sheet	**191**	90
Net pension liability	**(127)**	(303)

22 Pension and Post-Retirement Commitments continued

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

	2018				2017			
	UK £m	**US (Medical) £m**	**Other £m**	**Total £m**	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	**(1,472)**	**–**	**(508)**	**(1,980)**	(1,635)	–	(569)	(2,204)
Fair value of plan assets	**1,628**	**–**	**523**	**2,151**	1,702	–	574	2,276
Surplus of funded plans	**156**	**–**	**15**	**171**	67	–	5	72
Present value of unfunded obligations	**–**	**(126)**	**(154)**	**(280)**	–	(137)	(149)	(286)
Irrecoverable surplus[1]	**(18)**	**–**	**–**	**(18)**	(89)	–	–	(89)
Net pension liability	**138**	**(126)**	**(139)**	**(127)**	(22)	(137)	(144)	(303)

1 The movement in irrecoverable surplus since prior year comprises an underlying liability reduction/surplus recognition of £71 million. During 2018, the Group sought further legal advice to clarify the circumstances in which the Group would be unable to recover any surplus in the principal UK pension fund. After consideration, the Group would be able to recover any surplus in the fund once all benefits had been paid and accordingly a pension surplus has been recognised in the Balance Sheet.

Group plan assets are comprised as follows:

	2018				2017			
	UK £m	**US (Medical) £m**	**Other £m**	**Total £m**	UK £m	US (Medical) £m	Other £m	Total £m
Equities – quoted	**205**	**–**	**235**	**440**	374	–	264	638
Government bonds	**941**	**–**	**130**	**1,071**	841	–	124	965
Corporate bonds	**326**	**–**	**129**	**455**	325	–	143	468
Real estate/property – unquoted	**135**	**–**	**20**	**155**	148	–	19	167
Other assets – unquoted	**21**	**–**	**9**	**30**	14	–	24	38
Fair value of plan assets	**1,628**	**–**	**523**	**2,151**	1,702	–	574	2,276

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

	2018		2017	
	UK £m	**US (Medical) £m**	UK £m	US (Medical) £m
Active participants	**–**	**(45)**	(211)	(50)
Participants with deferred benefits	**(759)**	**(2)**	(632)	(2)
Participants receiving benefits	**(713)**	**(79)**	(792)	(85)
Present value of obligation	**(1,472)**	**(126)**	(1,635)	(137)

22 Pension and Post-Retirement Commitments continued

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

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2017	1,642	108	514	2,264	(1,621)	–	(381)	(2,002)
Arising on business combinations	–	36	262	298	–	–	(221)	(221)
Current service cost	10	2	11	23	–	–	–	–
Curtailment gains	–	–	(1)	(1)	–	–	–	–
Interest expense/(income)	42	5	22	69	(42)	–	(20)	(62)
	52	7	32	91	(42)	–	(20)	(62)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	(71)	–	(36)	(107)
(Gain)/loss from changes in demographic assumptions	–	(1)	2	1	–	–	–	–
Loss from changes in financial assumptions	12	7	24	43	–	–	–	–
Experience (gains)/losses	–	(1)	6	5	–	–	–	–
	12	5	32	49	(71)	–	(36)	(107)
Exchange differences	–	(11)	(33)	(44)	–	–	34	34
Contributions – employees	1	–	–	1	–	–	–	–
Contributions – employers	–	–	–	–	(40)	(8)	(23)	(71)
Payments from plans:								
Benefit payments	(72)	(8)	(51)	(131)	72	8	51	131
Disposal of RB Food	–	–	(38)	(38)	–	–	22	22
At 31 December 2017	**1,635**	**137**	**718**	**2,490**	**(1,702)**	**–**	**(574)**	**(2,276)**
Current service cost	**2**	**2**	**5**	**9**	**–**	**–**	**–**	**–**
Past service cost	**4**	**–**	**–**	**4**	**–**	**–**	**–**	**–**
Interest expense/(income)	**39**	**4**	**19**	**62**	**(41)**	**–**	**(19)**	**(60)**
	45	**6**	**24**	**75**	**(41)**	**–**	**(19)**	**(60)**
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	**–**	**–**	**–**	**–**	**72**	**–**	**41**	**113**
Gain from changes in demographic assumptions	**(24)**	**–**	**(1)**	**(25)**	**–**	**–**	**–**	**–**
Gain from changes in financial assumptions	**(89)**	**(8)**	**(40)**	**(137)**	**–**	**–**	**–**	**–**
Experience (gains)/losses	**(22)**	**(10)**	**3**	**(29)**	**–**	**–**	**–**	**–**
	(135)	**(18)**	**(38)**	**(191)**	**72**	**–**	**41**	**113**
Exchange differences	**–**	**7**	**25**	**32**	**–**	**–**	**(22)**	**(22)**
Contributions – employees	**–**	**1**	**–**	**1**	**–**	**(1)**	**–**	**(1)**
Contributions – employers	**–**	**–**	**–**	**–**	**(30)**	**(6)**	**(16)**	**(52)**
Payments from plans:								
Benefit payments	**(73)**	**(7)**	**(67)**	**(147)**	**73**	**7**	**67**	**147**
As at 31 December 2018	**1,472**	**126**	**662**	**2,260**	**(1,628)**	**–**	**(523)**	**(2,151)**

22 Pension and Post-Retirement Commitments continued

Amounts Recognised in the Income Statement

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

Income Statement charge included in operating profit for:	2018 £m	2017 £m
Defined contribution plans	**40**	41
Defined benefit plans (net charge excluding interest)		
UK	**6**	10
US (Medical)	**2**	2
Other	**5**	10
Total pension costs included in operating profit (Note 5)[1]	**53**	63
Income Statement charge included in finance expense (Note 6)	**2**	9
Income Statement charge included in profit before income tax	**55**	72
Remeasurement (gains)/losses for[2]:		
UK	**(63)**	(59)
US (Medical)	**(18)**	5
Other	**3**	(4)
	(78)	(58)

1. The Income Statement charge recognised in operating profit includes current service cost and past service cost.
2. Remeasurement (gains)/losses excludes £71 million gain (2017: £24 million loss) recognised in OCI for irrecoverable surplus.

Sensitivity of Significant Actuarial Assumptions

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

2018	Change in assumption	Change in defined benefit obligation
Discount rate	**Increase 0.1%**	**Decrease by 1.8%**
RPI increase	**Increase 0.1%**	**Increase by 0.6%**
Life expectancy	**Members live 1 year longer**	**Increase by 4.0%**

2017	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.9%
RPI increase	Increase 0.1%	Increase by 0.5%
Life expectancy	Members live 1 year longer	Increase by 4.5%

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

Impact of Medical Cost Trend Rates

A one percent change in the assumed health-care cost trend rates would have an immaterial impact on the service cost, interest cost and post-retirement benefit obligation.

Risk and Risk Management

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

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. All the UK plans have agreed with the Group a plan to de-risk the investment strategy of the plans at a pace that is commensurate with a planned return to full funding over a reasonable timescale.

22 Pension and Post-Retirement Commitments continued

The de-risking plan provides for a proportion of the investment portfolio to move from equity holdings to government and corporate bonds over time. The corporate bonds are global securities with an emphasis on the UK and US. However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

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

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

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

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

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

23 Share Capital

Issued and fully paid	Equity ordinary shares number	Nominal value £m
At 31 December 2017	736,535,179	74
At 31 December 2018	**736,535,179**	**74**

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

Allotment of Ordinary Shares and Release of Treasury Shares

During the year nil ordinary shares (2017: nil ordinary shares) were allotted and 3,697,245 ordinary shares were released from Treasury (2017: 3,728,361) to satisfy vestings/exercises under the Group's various share schemes as follows:

	2018		2017	
Ordinary shares of 10p	**Number of shares**	**Consideration £m**	Number of shares	Consideration £m
Executive Share Options – exercises	**1,581,100**	**67**	2,145,152	85
Restricted Shares Awards – vesting	**1,121,636**	**–**	1,328,980	–
Total under Executive Share Option and Restricted Share Schemes	**2,702,736**	**67**	3,474,132	85
Senior Executives Share Ownership Policy Plan – vesting	**69,826**	**–**	31,000	–
Savings-Related Share Option Schemes – exercises	**924,683**	**38**	223,229	9
Total	**3,697,245**	**105**	3,728,361	94

23 Share Capital continued

Market Purchases of Shares

In 2018, 3,697,245 Treasury shares were released (2017: 3,728,361), leaving a balance held at 31 December 2018 of 29,033,361 (2017: 32,730,606). Proceeds received from the reissuance of Treasury shares to exercise share options were £105 million (2017: £94 million).

24 Share-Based Payments

The Group operates a number of incentive schemes, including a share option scheme, a restricted share scheme, and other share award schemes. During 2017, as part of a transitional scheme for MJN employees, a cash-settled scheme replaced an MJN equity-settled scheme. All other schemes within the Group are equity-settled. The total charge for share-based payments for the year was £16 million (2017: £78 million).

Executive Share Awards

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

For awards granted before December 2012:

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

For awards granted in December 2013 and thereafter:

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

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

Other Share Awards

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

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

24 Share-Based Payments continued

Modifications to Share Awards

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

Summary of Shares Outstanding

All outstanding Executive and other share awards as at 31 December 2018 and 31 December 2017 are included in the following tables, which analyse the charge for 2018 and 2017. The Group has used the Black-Scholes model to calculate the fair value of one award on the date of the grant of the award.

Table 1: Fair value

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

The 2019 Executive Share Awards are expected to be granted in May 2019 following approval of the new Remuneration Policy.

		Black-Scholes model assumptions								
Award	Grant date	Exercise price at grant £	Modified exercise price £	Performance period	Share price on grant date £	Volatility %	Dividend yield %	Life years	Risk-free interest rate %	Fair value of one award £
Share options										
2009	08 December 2008	27.29	26.54	2009–11	27.80	25	3.1	4	2.78	4.69
2010	07 December 2009	31.65	30.78	2010–12	31.80	26	3.5	4	1.69	4.70
2011	01 December 2010	34.64	33.68	2011–13	34.08	26	4.3	4	2.16	4.49
2012	05 December 2011	32.09	31.20	2012–14	32.19	25	5.4	4	1.00	3.18
2013	03 December 2012	39.14	38.06	2013–15	39.66	20	4.3	4	0.61	3.29
2014	11 December 2013	47.83	46.51	2014–16	46.69	19	3.7	4	0.76	3.85
2015	01 December 2014	50.57	50.57	2015–17	52.40	17	4.0	4	1.03	4.34
2016	02 December 2015	63.25	63.25	2016–18	64.15	18	2.9	4	1.07	6.75
2017	01 December 2016	67.68	67.68	2017–19	66.28	18	3.0	4	0.46	5.54
2018	30 November 2017	64.99	64.99	2018–20	64.86	18	3.4	4	0.68	5.58
Restricted shares										
2010	07 December 2009	–	–	2010–12	31.80	26	3.5	4	1.69	27.23
2011	01 December 2010	–	–	2011–13	34.08	26	4.3	4	2.16	28.22
2012	05 December 2011	–	–	2012–14	32.19	25	5.4	4	1.00	25.30
2013	03 December 2012	–	–	2013–15	39.66	20	4.3	4	0.61	32.76
2014	11 December 2013	–	–	2014–16	46.69	19	3.7	4	0.76	39.80
2015	01 December 2014	–	–	2015–17	52.40	17	4.0	4	1.03	43.93
2016	02 December 2015	–	–	2016–18	64.15	18	2.9	4	1.07	57.13
2017	01 December 2016	–	–	2017–19	66.28	18	3.0	4	0.46	58.85
2018	30 November 2017	–	–	2018–20	64.86	18	3.4	4	0.68	56.71

24 Share-Based Payments continued

Table 2: Share awards movements 2018

Award	Options outstanding at 1 January 2018 number	Movement in number of options: Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2018 number
Share options[1]					
2009	104,597	–	–	(104,597)	–
2010	200,945	–	–	(101,664)	99,281
2011	276,229	–	–	(156,586)	119,643
2012	596,307	–	–	(116,204)	480,103
2013	1,076,562	–	–	(142,187)	934,375
2014	1,572,032	–	–	(336,516)	1,235,516
2015	2,588,261	–	(278,118)	(615,359)	1,694,784
2016	2,714,334	–	(706,985)	(4,758)	2,002,591
2017	2,364,884	–	(273,527)	–	2,091,357
2018	3,200,000	52,760	(762,705)	–	2,490,055
Restricted shares[1]					
2015	1,210,573	–	(159,045)	(1,051,528)	–
2016	1,258,037	1,000	(288,817)	(39,322)	930,898
2017	1,116,434	–	(179,211)	(17,636)	919,587
2018	1,600,000	98,880	(416,312)	(13,150)	1,269,418
Other share awards					
UK SAYE	749,906	227,268	(120,498)	(163,363)	693,313
US SAYE	294,434	374,170	(36,872)	(64,432)	567,300
Overseas SAYE	2,112,455	807,428	(541,227)	(698,564)	1,680,092
SOPP	146,800	58,000	(16,174)	(69,826)	118,800
Weighted average exercise price (share options)	**£55.91**	**£64.99**	**£62.76**	**£42.64**	**£56.59**

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

24 Share-Based Payments continued

Table 3: Share awards movements 2017

Award	Options outstanding at 1 January 2017 number	Granted/ adjustments number	Lapsed number	Exercised number	Options outstanding at 31 December 2017 number
	Movement in number of options				
Share options[1]					
2008	137,912	–	(3,079)	(134,833)	–
2009	171,273	–	–	(66,676)	104,597
2010	245,510	–	–	(44,565)	200,945
2011	330,337	–	–	(54,108)	276,229
2012	923,895	1,441	(7,657)	(321,372)	596,307
2013	1,701,230	–	(10,725)	(613,943)	1,076,562
2014	2,617,899	7,850	(220,327)	(833,390)	1,572,032
2015	2,732,980	5,153	(90,098)	(59,774)	2,588,261
2016	3,027,586	–	(296,761)	(16,491)	2,714,334
2017	3,200,000	69,200	(904,316)	–	2,364,884
2018	–	3,200,000	–	–	3,200,000
Restricted shares[1]					
2012	74,401	–	(2,595)	(71,806)	–
2013	91,766	–	(3,808)	(87,958)	–
2014	1,225,888	1,029	(128,490)	(1,098,427)	–
2015	1,300,409	3,000	(40,138)	(52,698)	1,210,573
2016	1,396,196	–	(121,068)	(17,091)	1,258,037
2017	1,600,000	89,417	(571,983)	(1,000)	1,116,434
2018	–	1,600,000	–	–	1,600,000
Other share awards					
UK SAYE	687,635	223,131	(62,218)	(98,642)	749,906
US SAYE	323,495	94,231	(45,032)	(78,260)	294,434
Overseas SAYE	944,934	1,273,468	(59,620)	(46,327)	2,112,455
SOPP	170,000	12,800	(5,000)	(31,000)	146,800
Weighted average exercise price (share options)	**£52.28**	**£64.97**	**£62.31**	**£39.64**	**£55.91**

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

For options outstanding at the year end, the weighted average remaining contractual life is 5.84 years (2017: 6.92 years). Options outstanding at 31 December 2018 that could have been exercised at that date were 4,606,460 (2017: 3,897,913) with a weighted average exercise price of £43.87 (2017: £38.82).

The assumptions made within the valuation calculation with respect to the achievement of performance criteria are based on the Directors' expectations in light of the Group's business model and relevant published targets.

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

The calculation also assumes that there will be no leavers in the following year. No material modifications have been made to these calculations in 2018 or 2017 for the purposes of the valuation.

An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period or the contractual life as appropriate. Historical volatility is calculated based on the annualised standard deviation of the Group's daily share price movement, being an approximation to the continuously compounded rate of return on the share.

National Insurance contributions are payable in respect of certain share-based payment transactions and are treated as cash-settled transactions. The contribution in 2018 was £25 million (2017: £43 million).

The weighted average share price for the year was £63.32 (2017: £71.70).

24 Share-Based Payments continued

Options and Restricted Shares Granted During the Year

Options and restricted shares granted during the year which may vest or become exercisable at various dates between 2019 and 2026 are as follows:

	Price to be paid £	Number of shares under option
Executive share option and restricted share schemes		
Reckitt Benckiser Long-term Incentive Plan – share options	64.99	52,760
Reckitt Benckiser Long-term Incentive Plan – restricted shares	–	99,880
Reckitt Benckiser Senior Executive Share Ownership Policy Plan	–	58,000
Total		**210,640**
Savings-related share option schemes		
UK Scheme	54.31	227,268
US Scheme	54.31	374,170
Overseas Scheme	54.31	807,428
Total		**1,408,866**

Options and Restricted Shares Outstanding at 31 December 2018

Options and restricted shares which have vested or may vest at various dates between 2019 and 2026 are as follows:

	Price to be paid £		Number of shares under option	
	From	To	2018	2017
Executive share option and restricted share schemes				
Reckitt Benckiser Long-term Incentive Plan – 2010 Annual Grant – options	30.78	71.80	11,147,705	14,695,054
Reckitt Benckiser Long-term Incentive Plan – 2016 Annual Grant – restricted shares	–	–	3,119,903	5,185,044
Reckitt Benckiser Senior Executive Share Ownership Policy Plan	–	–	118,800	146,800
Total			**14,386,408**	20,026,898
Savings-related share option schemes				
UK Scheme	27.57	58.95	693,313	749,003
US Scheme	48.71	58.95	567,300	294,434
Overseas Scheme	41.88	58.95	1,680,092	2,112,455
Total			**2,940,705**	3,155,892

25 Other Reserves

	Hedging reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Balance at 1 January 2017	(4)	526	522
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	3	–	3
Net exchange losses on foreign currency translation, net of tax	–	(308)	(308)
Gains on net investment hedges	–	44	44
Reclassification of foreign currency translation reserves on disposal of foreign operations net of tax	–	145	145
Total other comprehensive income/(expense) for the year	**3**	**(119)**	**(116)**
Balance at 31 December 2017	**(1)**	**407**	**406**
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	8	–	8
Net exchange gains on foreign currency translation, net of tax	–	67	67
Losses on net investment hedges	–	(44)	(44)
Total other comprehensive income for the year	**8**	**23**	**31**
Balance at 31 December 2018	**7**	**430**	**437**

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

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

26 Related Party Transactions

RB & Manon Business Co. Ltd, RB & Manon Business Limited and RB (China Trading) Limited (together "the Manon entities")

As part of the arrangements with the non-controlling shareholders of the Manon entities, the parties are subject to symmetrical put and call options over the non-controlling shareholdings. In 2018, the parties agreed to extend the initial term period of the options to 31 December 2023. In the event that the options are not exercised in accordance with the agreement, they are automatically extended for a further six twelve-month terms. The present value of the put option liability at year end was £148 million (2017: £105 million).

Other

The Group has related party relationships with its Directors and key management personnel (Note 5) and pension schemes (Note 22).

André Lacroix stepped down as a Non-Executive Director of the Company on 31 December 2018, and is the current Chief Executive Officer of Intertek Group plc. During the year, payments made by the Company to Intertek Group plc, for product testing and assurance services, were £0.4m (2017: £0.2m).

27 Dividends

	2018 £m	2017 £m
Cash dividends on equity ordinary shares:		
2017 Final paid: 97.7p (2016: Final 95.0p) per share	**688**	666
2018 Interim paid: 70.5p (2017: Interim 66.6p) per share	**499**	468
Total dividends for the year	**1,187**	1,134

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2018 of 100.2 pence per share which will absorb an estimated £709 million of Shareholders' funds. If approved by Shareholders it will be paid on 23 May 2019 to Shareholders who are on the register on 23 April 2019, with an ex-dividend date of 18 April 2019.

28 Acquisitions

On 15 June 2017, the Group completed the acquisition of 100% of the issued share capital of MJN for cash consideration of £13,044 million ($16,642 million). Provisional total identifiable net assets of £5,052 million and goodwill of £8,023 million were recognised in 2017.

The measurement period to finalise the purchase price allocation concluded in 2018. The finalisation led to a £28 million increase in goodwill and a £28 million reduction in total net identifiable assets during the year.

29 Cash Generated from Operations

For the year ended 31 December	2018 £m	2017[1] £m
Operating profit from continuing operations	**3,047**	2,737
Depreciation, amortisation and impairment[2]	**350**	268
Losses on sale of property, plant and equipment	**9**	–
(Increase)/decrease in inventories[3]	**(68)**	54
Increase in receivables	**(103)**	(210)
Increase in payables and provisions	**81**	232
Share-based payments	**14**	72
Cash generated from continuing operations	**3,330**	3,153

1. Presentation of cash flow in 2018 has been updated, 2017 items are re-presented on a consistent basis.
2. Includes £78 million (2017: £43 million) amortisation on acquisition-related intangibles (adjusting item).
3. Includes nil (2017: £159 million) adjusting cost of goods sold.

30 Post Balance Sheet Events

As at 18 March 2019, there are no post-balance sheet events requiring disclosure.

Five Year Summary

The five year summary below is presented on a statutory basis. The years ending 31 December 2016, 31 December 2017 and 31 December 2018 show the results for continuing operations and exclude the impact of RB Food. The years ending 31 December 2014 and 31 December 2015 show the results for continuing operations including RB Food. All years exclude the impact of RB Pharmaceuticals.

The Balance Sheet has not been restated for the impact of discontinued operations.

	2018 £m	Restated[3] 2017 £m	2016 £m	2015 £m	2014 £m
Income Statement					
Net Revenue	**12,597**	11,449	9,480	8,874	8,836
Operating Profit	**3,047**	2,737	2,269	2,241	2,164
Adjusted Operating Profit	**3,358**	3,122	2,636	2,374	2,185
Adjusting items	**(311)**	(385)	(367)	(133)	(21)
Operating Profit	**3,047**	2,737	2,269	2,241	2,164
Net finance expense	**(325)**	(238)	(16)	(33)	(38)
Profit before income tax	**2,722**	2,499	2,253	2,208	2,126
Income tax benefit/(expense)	**(536)**	894	(520)	(463)	(462)
Attributable to non-controlling interests	**(20)**	(17)	(4)	(2)	(1)
Net income attributable to owners of the parent from continuing operations	**2,166**	3,376	1,729	1,743	1,663
Balance Sheet					
Net assets	**14,789**	13,573	8,426	6,906	6,834
Net Working Capital	**(1,438)**	(1,424)	(1,102)	(936)	(831)
Statistics					
Reported basis					
Operating margin	**24.2%**	23.9%	23.9%	25.3%	24.5%
Total interest to Operating Profit (times covered)	**9.4x**	11.5x	141.8x	67.9x	56.9x
Tax rate	**19.7%**	-35.8%	23.1%	21.0%	21.7%
Diluted earnings per share, continuing	**305.5p**	474.7p	242.1p	240.9p	227.6p
Dividend cover[1]	**1.8x**	2.9x	1.6x	1.7x	1.6x
Declared total dividends per ordinary share	**170.7p**	164.3p	153.2p	139p	139p
Adjusted basis[2]					
Operating margin	**26.7%**	27.3%	27.8%	26.8%	24.7%
Total interest to operating profit (times covered)	**10.3x**	13.1x	164.8x	71.9x	57.5x
Diluted earnings per share, continuing	**339.9p**	316.9p	287.6p	258.6p	230.5p
Dividend cover[1]	**2.0x**	1.9x	1.9x	1.9x	1.7x

1. Dividend cover is calculated by dividing diluted earnings per share by total ordinary dividends per share relating to the year.
2. Adjusted basis is calculated by excluding the adjusting items for the year (Note 3).
3. The 2017 balances have been restated for the adoption of IFRS 15 (see Note 1). The 2014, 2015 and 2016 balances have not been restated.

Parent Company Balance Sheet

As at 31 December	Notes	2018 £m	2017 £m
Fixed assets			
Investments	2	**14,949**	14,925
Current assets			
Debtors due within one year	3,6	**44**	39
Debtors due after more than one year	4	**3**	8
Cash and cash equivalents	6	**1**	2
		48	49
Current liabilities			
Creditors due within one year	5,6	**(6,347)**	(6,697)
Net current liabilities		**(6,299)**	(6,648)
Total assets less current liabilities		**8,650**	8,277
Provisions for liabilities and charges	7	**(369)**	(356)
Net assets		**8,281**	7,921
EQUITY			
Share capital	8	**74**	74
Share premium		**245**	243
Retained earnings		**7,962**	7,604
Total equity		**8,281**	7,921

The Financial Statements on pages 194 to 221 were approved by the Board of Directors on 18 March 2019 and signed on its behalf by:

Chris Sinclair
Director

Rakesh Kapoor
Director

Company Number: 06270876

Parent Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2017	**74**	**243**	**8,048**	**8,365**
Comprehensive income				
Profit for the financial year	–	–	522	522
Total comprehensive income	**–**	**–**	**522**	**522**
Transactions with owners				
Treasury shares re-issued	–	–	94	94
Share-based payments	–	–	10	10
Capital contribution in respect of share-based payments	–	–	64	64
Cash dividends	–	–	(1,134)	(1,134)
Total transactions with owners	**–**	**–**	**(966)**	**(966)**
Balance at 31 December 2017	**74**	**243**	**7,604**	**7,921**
Comprehensive income				
Profit for the financial year	–	–	1,428	1,428
Total comprehensive income	**–**	**–**	**1,428**	**1,428**
Transactions with owners				
Treasury shares re-issued	–	2	103	105
Share-based payments	–	–	(10)	(10)
Capital contribution in respect of share-based payments	–	–	24	24
Cash dividends	–	–	(1,187)	(1,187)
Total transactions with owners	**–**	**2**	**(1,070)**	**(1,068)**
Balance at 31 December 2018	**74**	**245**	**7,962**	**8,281**

Reckitt Benckiser Group plc has £7,355 million (2017: £7,011 million) of its retained earnings available for distribution.

Details of Treasury shares and other equity transactions are included in Note 23 of the Group Financial Statements.

Notes to the Parent Company Financial Statements

1 Parent Company Accounting Policies

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

General Information and Basis of Accounting

Reckitt Benckiser Group plc is a company incorporated in the United Kingdom, registered in England and Wales under the Companies Act 2006, and is a public limited company. The address of the registered office is given on page 223. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 57.

Statement of Compliance

The Financial Statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102') and the Companies Act 2006.

The functional currency of Reckitt Benckiser Group plc is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

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

Going Concern

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

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

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

The Company has taken advantage of the following exemptions:

(i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the Company's cash flows;

(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

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

Foreign Currency Translation

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

Taxation

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

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

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

1 Parent Company Accounting Policies continued

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

Fixed Asset Investments

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

Employee Share Schemes

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

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

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

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

Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including trade and other receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipt discounted at a market rate of interest, and subsequently recognised at amortised cost.

(i) Financial Assets

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

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

(ii) Financial Liabilities

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

1 Parent Company Accounting Policies continued

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

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

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

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

Accounting Estimates and Judgements
In 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.

The following are the significant estimates and judgements made in applying the Company's accounting policies:

Estimates:

- The Company recognises legal and regulatory provisions in line with the Group's provisions policy. The level of provisioning for regulatory, civil and/or criminal investigation is an issue where management and legal judgement is important. These are valued based on the Directors' best estimates taking into account all available information, external advice and historical experience.

Judgements:

- Determine whether there are indicators of impairment of the Company's fixed asset investments.

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

2 Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2017	14,861
Additions during the year	64
At 31 December 2017	**14,925**
Additions during the year	24
At 31 December 2018	**14,949**
Provision for impairment	
At 1 January 2017	–
Provided for during the year	–
At 31 December 2017	**–**
Provided for during the year	–
At 31 December 2018	**–**
Net book amounts	
At 31 December 2017	14,925
At 31 December 2018	**14,949**

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

The subsidiary undertakings as at 31 December 2018, all of which are included in the Group Financial Statements, are shown in Note 11 of the Company Financial Statements.

With the exception of Reckitt Benckiser plc, none of the subsidiaries are directly held by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of Reckitt Benckiser (India) Private Limited, Reckitt Benckiser Healthcare India Private Limited, Reckitt Benckiser Scholl India Private Limited and Reckitt & Colman Management Services (Ireland) Limited which have a year ending 31 March; Lloyds Pharmaceuticals which has a year ending 24 August; Reigate Square Holdings Sàrl which has a year ending 31 August; Crookes Healthcare Limited which has a year ending 31 January and Reckitt Benckiser Healthcare (Ireland) Limited which has a year ending 30 November.

Additions during the year, and in 2017, relate to the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group.

3 Debtors Due Within One Year

	2018 £m	2017 £m
Amounts owed by Group undertakings	**44**	39

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand (2017: same).

4 Debtors Due After More Than One Year

	2018 £m	2017 £m
Deferred tax assets	**3**	8

Deferred tax assets consist of short-term timing differences.

5 Creditors Due Within One Year

	2018 £m	2017 £m
Amounts owed to Group undertakings	**6,342**	6,687
Taxation and social security	**5**	10
	6,347	6,697

Included in the amounts owed to Group undertakings is an amount of £6,333 million (2017: £6,675 million) which is unsecured, carries interest at 3M LIBOR and is repayable on demand (2017: same). All other amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand (2017: same).

6 Financial Instruments

	2018 £m	2017 £m
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**44**	39
Cash and cash equivalents	**1**	2
Financial liabilities		
Financial liabilities at amortised cost	**6,342**	6,687

7 Provisions for Liabilities and Charges

	Legal provisions £m	Total provisions £m
At 1 January 2017	62	62
Charged to the Statement of Comprehensive Income	306	306
Utilised during the year	(11)	(11)
Released to the Statement of Comprehensive Income	(1)	(1)
At 31 December 2017	**356**	**356**
Charged to the Statement of Comprehensive Income	17	17
Utilised during the year	(2)	(2)
Released to the Statement of Comprehensive Income	(2)	(2)
At 31 December 2018	**369**	**369**

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

	2018 £m	2017 £m
Current	**369**	356
Non-current	**–**	–
	369	356

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

Legal provisions include indemnities provided by the Company. Legal provisions released during the prior year relate to those for which an indemnity is no longer required.

7 Provisions for Liabilities and Charges continued

The utilisation of legal provisions during the year relates to legal costs for ongoing litigation proceedings.

The Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RB Pharmaceuticals ("RBP") business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters. These investigations and related proceedings are continuing and the Group has been in discussions with the DoJ. At 31 December 2018, the Company was recognising a provision (denominated in US dollars) of $400 million (2017: $400 million) or £313 million (2017: £296 million). The Group remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Company may be substantially higher than this provision.

8 Share Capital

Issued and fully paid	Equity ordinary shares	Nominal value £m
At 1 January 2018	736,535,179	74
Allotments	–	–
At 31 December 2018	**736,535,179**	**74**

For details of the allotment of ordinary shares and release of Treasury shares during both the current and prior years, refer to Note 23 of the Group Financial Statements.

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

9 Related Party Transactions

Reckitt Benckiser Group plc has related party relationships with its pension schemes as disclosed in Note 26 of the Group Financial Statements.

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

10 Contingent Liabilities

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

As referred to in Note 7, the Group remains involved in ongoing investigations by the DoJ and the US Federal Trade Commission and related litigation proceedings in the US arising from certain matters relating to the RBP business prior to its demerger in December 2014 to form Indivior PLC, and may incur liabilities in relation to such matters. These investigations and related proceedings are continuing and the Group has been in discussions with the DoJ. At 31 December 2018, the Company was recognising a provision (denominated in US dollars) of $400 million (2017: $400 million) or £313 million (2017: £296 million). The Company remains committed to ensuring these issues are concluded or resolved satisfactorily but we cannot predict with any certainty whether we will be able to reach any agreement with the DoJ or other parties who are involved in any other investigation or related proceedings. The final cost for the Company may be substantially higher than this provision.

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a US$8,250 million bond (two tranches of US$2,500 million, one tranche of US$2,000 million, one tranche of US$750 million and one tranche of US$500 million). Details are included in Note 14 of the Group Financial Statements.

The Company has also issued a guarantee on behalf of MJN in relation to outstanding senior notes of US$3,000 million issued by MJN prior to acquisition (two tranches of US$750 million, one tranche of US$700 million, one tranche of US$500 million and one tranche of US$300 million).

Other contingent liabilities are discussed in Note 19 of the Group Financial Statements.

11 Subsidiary Undertakings

Reckitt Benckiser Group plc holds 100% of the ordinary share capital of Reckitt Benckiser plc, a company incorporated in England and Wales with its registered office at 103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom. The Company has no further direct shareholdings.

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

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
103-105 Bath Road Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
2309 Realty Corporation	Philippines	2309 Don Chino Roces Avenue, Makati City, PH 1321, Philippines	A and B shares	88.32%
Airwick Industrie SAS	France	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
Anhui Guilong Pharmaceutical Trading Company Ltd	China	Dangtu Economic Development Zone, Maanshan City, Anhui Province, China	ORD	100.00%
Beleggingsmaatschappij Lemore BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Benckiser	UK	4th Floor, 115, George Street, Edinburgh, EH2 4JN, Scotland	ORD	100.00%
Blisa, LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
Brevet Hospital Products (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
British Surgical Industries Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Canterbury Square Holdings Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Central Square Holding BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Crookes Healthcare Limited	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Crookes Healthcare Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Cupal,Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Dakin Brothers Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Dorincourt Holdings (Ireland) Limited	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Durex Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Earex Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
ERH Propack Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Exponential Health LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Fenla Industria, Comercio e Administracao Ltda	Brazil	Rodovia Raposo Tavares, 8015, km 18, Jardim Arpoador, CEP 05577-900, São Paulo, Brazil	ORD	100.00%
Gainbridge Investments (Cyprus) Limited	Cyprus	1 Lampousas Street, P.C. 1095, Nicosia, Cyprus	ORD	100.00%
Glasgow Square Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Green, Young & Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Grosvenor Square Holding BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Guilong Pharmaceutical (Anhui) Co. Ltd	China	Dangtu Economic Development Zone, Maanshan City, Anhui Province, China	ORD	100.00%
Guilong Pharmaceutical (Anhui) Co. Ltd – Xiamen Branch	China	11F New Port Plaza, 10 Hubinbei Road, Xiamen, China	–	100.00%
Hamol Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Helpcentral Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Howard Lloyd & Company, Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Kukident GmbH	Germany	Heinestrasse 9, 69469 Weinheim, Germany	ORD	100.00%
Lancaster Square Holdings SL	Spain	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
LI Pensions Trust Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Linden Germany A Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Linden Germany B Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Lloyds Pharmaceuticals	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
London International Group Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
London International Trading Asia Ltd	Hong Kong	Units 1503-7, 15th Floor, Millennium City 6, 392 Kwun Tong, Kowloon, Hong Kong	ORD	100.00%
LRC Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
LRC North America Inc	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Common	100.00%
LRC Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
LRC Products Limited – Australian Branch	Australia	44 Wharf Road, West Ryde, NSW 2114, Australia	–	100.00%
LRC Secretarial Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Maddison Square Holding BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Manufactura MJN, S. de R.L. de C.V.	Mexico	Avenida de las Granjas 972, Pueblo Santa Bárbara, 02230 Azcapotzalco, CDMX, Mexico	Partnership/ Membership interests	100.00%
Mead Johnson & Company LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
Mead Johnson B.V.	Netherlands	Middenkampweg 2, 6545 CJ Nijmegen, The Netherlands	ORD	100.00%
Mead Johnson do Brasil Comercio E Importacao De Productos de Nutricao Ltda.	Brazil	Av.das Nacoes Unidas 14171, 8 andar, Torre Marble-Vila Gertrudes, São Paolo, 04794-000, Brazil	Participation/ Membership interests	100.00%
Mead Johnson Nutricionales de México, S. de R.L. de C.V.	Mexico	Lago Zurich 245, Ampl Granada, 11529 Miguel Hidalgo, CDMX, Mexico	Partnership/ Membership interests	100.00%
Mead Johnson Nutrition (Asia Pacific) Pte. Ltd.	Singapore	80 Robinson Road, #02-00, Singapore 068898	ORD	100.00%
Mead Johnson Nutrition (Australia) Pty Ltd	Australia	King & Wood Mallesons Governor Phillip Tower Level 61 1, Farrer Place Sydney NSW 2000, Australia	ORD	100.00%
Mead Johnson Nutrition (Belgium) BVBA	Belgium	International Business Company Formation, Inc., Researchdreef/Allée de la Recherche 20, B-1070 Brussels, Belgium	Participation interests	100.00%
Mead Johnson Nutrition (Canada) Co.	Canada	900-535 Legget Drive, Kanata K2K 3B8 Ontario, Canada	Common	100.00%
Mead Johnson Nutrition (Colombia) Ltda.	Colombia	Calle 76 No. 11-17 Piso 3, Edificio Torre Los Nogales, Bogotá, Colombia	Participation/ Membership interests	100.00%
Mead Johnson Nutrition (Dominicana), S.A.	United States	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Common	100.00%
Mead Johnson Nutrition (Dominicana), S.A. – Dominican Republic Branch	Dominican Republic	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	–	100.00%
Mead Johnson Nutrition (Ecuador) Cia. Ltda.	Ecuador	Av. Coruna N27-88 y Orellana, Edificio Coruña Plaza 7 Floor, Quito, Pichincha, Ecuador	Participation/ Membership interests	100.00%
Mead Johnson Nutrition (France) SAS	France	14 rue Ballu, 75009 Paris, France	ORD	100.00%
Mead Johnson Nutrition (Hong Kong) Limited	Hong Kong	25/F., Chubb Tower, Windsor House, 311 Gloucester Rd., Causeway Bay, Hong Kong	ORD	100.00%
Mead Johnson Nutrition (Hong Kong) Limited – Macau Branch	Hong Kong	Alamdea Dr. Carlos D'assumpcao No.258,6 Andar, F6, Edif.Kin Heng Long Plaza, Macau, MO, Macau	–	100.00%
Mead Johnson Nutrition (India) Private Limited	India	3rd Floor, Piramal Towers, Penisula Corporate Park, G.K. Marg, Lower Parel, India-Mumbai, IN 400013, India	ORD	100.00%
Mead Johnson Nutrition (Italia) S.R.L.	Italy	Via Birmania 81, CAP 00144 Rome, Italy	ORD	100.00%
Mead Johnson Nutrition (Malaysia) Sdn Bhd	Malaysia	Level 17, Menara 1 Sentrum, No.201, Jalan Tun Sambanthan, Kuala Lumpur 50470 MY, Malaysia	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Mead Johnson Nutrition (Panama), S. de R.L.	Panama	Costa Del Este, Ave. La Rotonda, Edificio Bladex Piso 6, Oficina 6E, Panama	Partnership/ Membership interests	100.00%
Mead Johnson Nutrition (Peru) S.R.L.	Peru	Calle Dean Valdivia 148 Piso 5, San Isidro Lima 27, Peru	Partnership/ Membership interests	100.00%
Mead Johnson Nutrition (Philippines), Inc.	Philippines	2309 Don Chino Roces Avenue, Makati City PH, Philippines	Common/PREF	99.96%
Mead Johnson Nutrition (Poland) SP.Z.O.O.	Poland	Al. Armii Ludowej 26, Warsaw, 00-609, Poland	ORD	100.00%
Mead Johnson Nutrition (Puerto Rico) Inc.	United States	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Common	100.00%
Mead Johnson Nutrition (Puerto Rico) Inc. – Puerto Rico Branch	Puerto Rico	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	–	100.00%
Mead Johnson Nutrition (Singapore) Pte. Ltd.	Singapore	80 Robinson Road, #02-00, Singapore 068898	ORD	100.00%
Mead Johnson Nutrition (Spain), S.L.	Spain	Calle Beatriz de Bobadilla, 14, 5º Planta, 28040 Madrid, Spain	Participation quotas	100.00%
Mead Johnson Nutrition (Taiwan) Ltd.	Taiwan	5F., No.156, Jiankang Rd., Songshan Dist.Taipei, 105, Taiwan	ORD	100.00%
Mead Johnson Nutrition (Thailand) Ltd.	Thailand	388 Exchange Tower, 14th Fl.,Sukhumvit Rd., Klongtoey, Bangkok, 10110, Thailand	ORD	100.00%
Mead Johnson Nutrition (UK) Ltd.	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Mead Johnson Nutrition (Venezuela) LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
Mead Johnson Nutrition (Vietnam) Company Limited	Vietnam	Suite 401,4th flr,Metropolitan Bldg, 235 Dong Khoi St., District 1, Ho Chi Minh City, Vietnam	ORD	100.00%
Mead Johnson Nutrition Argentina, S.A.	Argentina	Alferez Bouchard 4191, 3rd floor, Munro, Buenos Aires 1605, Argentina	ORD	90.00%
Mead Johnson Nutrition Company	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Common	100.00%
Mead Johnson Nutrition Foundation (IL)	USA	Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703, Sangamon County, USA	Not for profit	100.00%
Mead Johnson Nutrition Holdings (Singapore) Pte. Ltd.	Singapore	80 Robinson Road, #02-00, Singapore 068898	ORD	100.00%
Mead Johnson Nutrition International Holdings Pte Ltd	Singapore	80 Robinson Road, #02-00, Singapore 068898	ORD	100.00%
Mead Johnson Nutrition Nominees LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
Mead Johnson Nutrition Trading Poland Sp. z o.o	Poland	Al. Armii Ludowej 26, Warsaw, 00-609, Poland	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Mead Johnson Nutrition Venezuela S.C.A.	Venezuela	Edificio Torre Nordic, Intersección Av Orinoco c/Mucuchies, Piso 1 Oficinas 1 y 2 – Urb. Las Mercedes, Caracas 1060, Venezuela	ORD/Common	100.00%
Mead Johnson Nutritionals (China) Ltd.	China	2# Xia Yuan Road, Dongji Industrial District, Guangzhou Economic & Technological Development Zone, Guangzhou 510730 China	ORD	88.89%
Mead Johnson One, C.V.	Netherlands	225 North Canal Street, Floor 25, Chicago, IL 60606, USA	Partnership interests	100.00%
Mead Johnson Pediatric Nutrition Institiute (China) Ltd.	China	Unit 01,2/F, Office building, 2# Xia Yuan Road, Dongji Industrial District, Guangzhou Economic & Technological Development Zone, Guangzhou 510730 China	ORD	100.00%
Mead Johnson Two, C.V.	Netherlands	225 North Canal Street, Floor 25, Chicago, IL 60606, USA	Partnership interests	100.00%
Medcom Marketing And Prodazha Ukraine LLC (in liquidation)	Ukraine	1 Block, 120 40-Richchia Zhovtnia Ave., Kyiv, 03127, Ukraine	ORD	100.00%
Medcom MP Belarus LLC	Belarus	220108, Minsk, Kazintsa, 121A, app.450, Belarus	ORD	100.00%
MJ UK Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
MJ USA Holdings LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Membership shares	100.00%
MJN Asia Pacific Holdings LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
MJN Global Holdings B.V.	Netherlands	Zuidplein 142, Tower H, 17th Floor, 1077 XV Amsterdam, The Netherlands	ORD	100.00%
MJN Holdings (Netherlands) B.V.	Netherlands	Zuidplein 142, Tower H, 17th Floor, 1077 XV Amsterdam, The Netherlands	ORD	100.00%
MJN Innovation Services B.V.	Netherlands	Middenkampweg 2, 6545 CJ Nijmegen, The Netherlands	ORD	100.00%
MJN International Holdings (UK), Ltd.	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
MJN U.S. Holdings LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
New Bridge Holdings BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
New Bridge Street Invoicing Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Norwich Square Holding SL	Spain	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Nurofen Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Only Good Nutrition Industria de Alimentos Ltda.	Brazil	Estrada Fukutaro Yida, 930, Cooperativa, São Bernado Do Campo, São Paulo, 09852-060, Brazil	Participation/ Membership interests	100.00%
Open Championship Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Optrex Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Oriental Medicine Company Limited	Hong Kong	Units 1503-7, 15th Floor, Millennium City 6, 392 Kwun Tong, Kowloon, Hong Kong	ORD	100.00%
Oxy Reckitt Benckiser LLC	South Korea	24th Floor Two IFC, 10 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul, 150-945 South Korea	ORD	100.00%
Paras Global FZE	Dubai	Sheikh Zayed Road, 8.5 Interchange, Dubai, United Arab Emirates	ORD	100.00%
Paras Overseas Holding Limited	Dubai	Sheikh Zayed Road, 8.5 Interchange, Dubai, United Arab Emirates	ORD	100.00%
Pharmalab Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Prebbles Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/DEF	100.00%
Propack GmbH	Germany	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany	ORD	100.00%
PT Mead Johnson Indonesia	Indonesia	The Plaza Office Tower 43rd floor, Jalan MH. Thamrin Kav 28-30, Jakarta, 10350, Indonesia	Common	90.10%
PT Reckitt Benckiser Indonesia	Indonesia	Artha Graha Building, 11th Floor, Jalan Jendral Sudirman Kav 52-53, Jakarta 12190, Indonesia	ORD	100.00%
PT Reckitt Benckiser Trading Indonesia	Indonesia	Jalan Raya Narogong Km. 15, Desa Limusnunggal Pangkalan VII, Kec Cileungsi, Bogor, Indonesia	ORD	100.00%
Qingdao London Durex Co Ltd	China	No.1 Shangma, Aodong Road, Qingdao City, Shandong Province, China	ORD	100.00%
Qingdao New Bridge Corporate Management Consulting Company Ltd	China	No.1 Shangma, Aodong Road, Qingdao City, Shandong Province, China	ORD	100.00%
R&C Nominees Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
R&C Nominees One Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
R&C Nominees Two Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB & Manon Business Co. Ltd	China	Room 1101, No.1033, Zhao Jia Bang Road, Shanghai, China	ORD	75.05%
RB & Manon Business Limited	Hong Kong	Unit 2001, 20/F, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong	ORD	75.00%
RB (China Trading) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	80.00%
RB (China) Holding Co Ltd	China	6th Floor, Tower D, Parkview Green Fang Cao Di, No.9 Dongdaqiao Road, Chaoyang District, China	ORD	100.00%
RB (Health) Colombia SAS	Colombia	Calle 76 No.11 – 17 oficina 301 Bogotá, Colombia	ORD	100.00%
RB (Health) Malaysia Sdn Bhd	Malaysia	Unit No. 50-8-1, 8th floot, Wisma Uoa Damansara, 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	ORD	100.00%
RB (Hygiene Home) Australia Pty Ltd	Australia	Level 47, 680 George Street, Sydney, NSW, 2000, Australia	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
RB (Hygiene Home) Czech Republic, spol s.r.o	Czech Republic	Vinohradská 2828/151, Praha 3, 13000, Czech Republic	ORD	100.00%
RB (Hygiene Home) Hungary Kft	Hungary	1113 Budapest, Bocskai út 134-146, Hungary	ORD	100.00%
RB (Hygiene Home) New Zealand Limited	New Zealand	2 Fred Thomas Drive Takapuna, Auckland, 0622, New Zealand	ORD	100.00%
RB (Hygiene Home) Romania S.R.L.	Romania	89-97 Grigore Alexandrescu street, Building A, 5th floor, Finish room, Sector 1, Bucharest, Romania	ORD	100.00%
RB Asia Holding Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB East Trading Limited	Dubai	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, United Arab Emirates	–	80.00%
RB Finance Luxembourg (2018) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
RB Health (Canada) Inc.	Canada	Suite 2300, 550 Burard Street, Vancouver BC V6C 2BS, Canada	Common	100.00%
RB Health (US) LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
RB Health Manufacturing (US) LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA	Membership shares	100.00%
RB Health Mexico, S.A de C.V.	Mexico	Av. Ejército Nacional No. 769, Corporativo Miyana Torre B, piso 6, Alcaldía Miguel Hidalgo, Colonia Granada, CP 11520, Mexico	ORD	100.00%
RB Health Services Mexico, S.A de C.V.	Mexico	Av. Ejército Nacional No. 769, Corporativo Miyana Torre B, piso 6, Alcaldía Miguel Hidalgo, Colonia Granada, CP 11520, Mexico	ORD	100.00%
RB Healthcare Pte Ltd – Malaysia Branch	Malaysia	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
RB Healthcare Pte Ltd (in liquidation)	Singapore	1 Fifth Avenue, #04-06 Guthrie House, Singapore 268802	ORD	100.00%
RB Holding Europe Du Sud SNC	France	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
RB Holdings (Luxembourg) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
RB Holdings (Nottingham) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Holdings Luxembourg (2018) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
RB Hygiene Home Arabia FZE	Dubai	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, United Arab Emirates	ORD	100.00%
RB Hygiene Home Belgium SA/NV	Belgium	20 Allée de la Recherche, 1070 Anderlecht, Belgium	ORD	100.00%
RB Hygiene Home France SAS	France	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
RB Hygiene Home India Private Limited	India	Plot No. 48, Sector-32, Institutional Area, Gurugram – 122 001, India	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
RB Hygiene Home Netherlands BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
RB Ireland Hygiene Home Commercial Limited	Ireland	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	ORD	100.00%
RB LATAM Holding B.V.	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
RB Luxembourg (2016) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Luxembourg (TFFC) S.a.r.l	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
RB Luxembourg Holdings (TFFC) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Luxembourg Holdings (TFFC) Limited – Luxembourg Branch	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	100.00%
RB Manufacturing LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Membership shares	100.00%
RB Mexico Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB NL Brands B.V.	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
RB Reigate (Ireland) Unlimited Company	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
RB Reigate (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB Salute Mexico S.A de C.V.	Mexico	Av. De los Angeles No 303 Bodega 3B-1 Col. San Matin Xochinahuac, Azcapotzalco, Mexico	ORD	100.00%
RB Square Holdings (Spain) SL	Spain	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
RB UK Commercial Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB UK Hygiene Home Commercial Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
RB USA Holdings LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Membership shares	100.00%
RB Winchester (Ireland) Unlimited Company	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
RBHCR Health Reckitt Costa Rica Sociedad Anonima	Costa Rica	San José, Escazú, San Rafael, costado sur de Multiplaza de Escazú, Edificio Escazú Corporate Center Séptimo Piso, Costa Rica	Common	100.00%
Reckitt & Colman (Jersey) Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD/PREF	100.00%
Reckitt & Colman (Overseas) Health Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman (Overseas) Hygiene Home Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman (Overseas) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt & Colman (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Reckitt & Colman Capital Finance Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD	100.00%
Reckitt & Colman Guangzhou Limited	China	Economic and Technological Development Zone, Eastern, Guangzhou City, Guangdong Province, China	ORD	100.00%
Reckitt & Colman Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman Management Services (Ireland) Limited	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt & Colman Pension Trustee Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Colman Sagrotan Verwaltungsgesellschaft mbH	Germany	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt & Colman Trustee Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt & Sons Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (2012) BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser (Australia) Pty Limited	Australia	44 Wharf Road, West Ryde, NSW 2114, Australia	ORD/PREF	100.00%
Reckitt Benckiser (Bangladesh) Limited	Bangladesh	58/59 Nasirabad Industrial Area, Chittagong- 4209, Bangladesh	ORD	82.96%
Reckitt Benckiser (Belgium) SA/NV	Belgium	Researchdreef, Allée de la Recherche 20, B-1070 Brussels, Belgium	ORD	100.00%
Reckitt Benckiser (Brands) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Brasil) Comercial De Products De Higene, Limpeza E Cosmeticos Ltda.	Brazil	Av. Presidente Juscelino Kubitshek,1909, cj 241 and 251, Ed. São Paulo Corporate Center/North Tower, São Paulo, 04543-903, Brazil	ORD	100.00%
Reckitt Benckiser (Brasil) Ltda	Brazil	Rodovia Raposo Tavares, 8015, km 18, Jardim Arpoador, CEP 05577-900, São Paulo, Brazil	ORD	100.00%
Reckitt Benckiser (BVI) No. 1 Limited	British Virgin Islands	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (BVI) No. 1 Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser (BVI) No. 2 Limited	British Virgin Islands	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (BVI) No. 2 Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser (BVI) No. 3 Limited	British Virgin Islands	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%
Reckitt Benckiser (BVI) No. 3 Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser (BVI) No. 4 Limited	British Virgin Islands	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser (Canada) Inc	Canada	1680 Tech Avenue Unit 2, Mississauga, Ontario L4W 5S9, Canada	New common	100.00%
Reckitt Benckiser (Cayman Islands) Limited	Cayman Islands	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands	ORD	100.00%
Reckitt Benckiser (Centroamerica) SA	Costa Rica	San José, Escazú Corporate Center, 7 Piso, Costado Sur de Multiplaza Escazú, San José, Costa Rica	ORD	100.00%
Reckitt Benckiser (Channel Islands) Limited	Guernsey	1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW	ORD	100.00%
Reckitt Benckiser (Czech Republic) Spol s r o	Czech Republic	Vinohradská 2828/151, 130 00 Praha 3-Žižkov, Czech Republic	ORD	100.00%
Reckitt Benckiser (Egypt) Limited	Egypt	Polyium Building 22, Off-road 90, District 1, 5th Settlement, New Cairo, Egypt	ORD	100.00%
Reckitt Benckiser (ENA) BV	Netherlands	Schiphol Boulevard 267, 1118 BH Schiphol, The Netherlands	ORD	100.00%
Reckitt Benckiser (Espana) SL	Spain	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Reckitt Benckiser (Granollers) SL	Spain	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Reckitt Benckiser (Grosvenor) Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Health) Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (Health) Malaysia Sdn. Bhd.	Malaysia	Unit No. 50-8-1, 8th Floor, Wisma Uoa Damansara, 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
Reckitt Benckiser (Hygiene Home) Holdings Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (India) Private Limited	India	227, Okhla Industrial Estate, Phase III, New Delhi, South Delhi, Delhi, India, 110020	ORD	100.00%
Reckitt Benckiser (Lanka) Limited	Sri Lanka	41 Lauries Road, Colombo 4, Sri Lanka	ORD	99.99%
Reckitt Benckiser (Latvia) SIA	Latvia	Strelnieku iela 1A - 2, Riga, LV-1010, Latvia	ORD	100.00%
Reckitt Benckiser (Malaysia) Sdn Bhd	Malaysia	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
Reckitt Benckiser (Near East) Limited	Israel	6 Hangar Street, I.Z. Neve Neeman B Hod Hasharon 45250, P.O. Box 6440, Israel	ORD	100.00%
Reckitt Benckiser (New Zealand) Limited	New Zealand	2 Fred Thomas Dr, Takapuna, Auckland 0622, New Zealand	ORD	100.00%
Reckitt Benckiser (Pars) PJSC	Iran	No 67, West Taban Avenue, Africa Boulevard, Tehran, Iran	ORD	99.80%
Reckitt Benckiser (Poland) SA	Poland	Okunin 1, 05-100 Nowy Dwór Mazowiecki, Poland	ORD	100.00%
Reckitt Benckiser (Portugal) SA	Portugal	R. Dom Cristóvão da Gama 1 – 1° Andar C/D, Edifício Restelo, 1400-113 Lisbon, Portugal	ORD	100.00%
Reckitt Benckiser (Romania) Srl	Romania	89-97 Grigore Alexandrescu street, Building A, 5th floor, Sector 1, Bucharest, Romania	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser (RUMEA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (RUMEA) Limited – Dubai Branch	Dubai	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, United Arab Emirates	–	100.00%
Reckitt Benckiser (RUMEA) Limited – JAFZA Branch	Dubai	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, United Arab Emirates	–	100.00%
Reckitt Benckiser (Singapore) Pte Limited	Singapore	1 Fifth Avenue, #04-06 Guthrie House, Singapore 268802	ORD	100.00%
Reckitt Benckiser (Slovak Republic) Spol s r o	Slovakia	Drienová 3, 82108 Bratislava, Slovakia	ORD	100.00%
Reckitt Benckiser (South America) Holding BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser (Spain) BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser (Switzerland) AG	Switzerland	Richtistrasse 5, 8405 Wallisellen, Switzerland	ORD	100.00%
Reckitt Benckiser (Thailand) Limited	Thailand	No. 89 AIA Capital Center, Rooms 2504 – 2507, 25th Floor, Ratchadaphisek Rd., Dindaeng Sub-District, Dindaeng District, Bangkok 10400, Thailand	ORD	45.00%
Reckitt Benckiser (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser (USA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser AG	Switzerland	Richtistrasse 5, 8304 Wallisellen, Switzerland	ORD	100.00%
Reckitt Benckiser Arabia FZE	Dubai	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, United Arab Emirates	ORD	100.00%
Reckitt Benckiser Argentina SA	Argentina	Bucarelli 2608 PB A, CABA, Buenos Aires, Argentina	ORD	100.00%
Reckitt Benckiser Asia Pacific Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Asia Pacific Limited – Japan Branch	Japan	3-20-14 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022	–	100.00%
Reckitt Benckiser Austria GmbH	Austria	Guglgasse 15, A-1110 Vienna, Austria	ORD	100.00%
Reckitt Benckiser Bahrain W.L.L	Bahrain	PO Box 50833, Hidd, Kingdom of Bahrain	ORD	100.00%
Reckitt Benckiser Brands Investments BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Bulgaria EOOD	Bulgaria	Office 4, Third floor, 22 Zlaten Rog Street, Lozenets Region, 1407 Sofia City, Bulgaria	ORD	100.00%
Reckitt Benckiser BY LLC	Belarus	220108, Minsk, Kazintsa, 121A, app.403, Belarus	Common	100.00%
Reckitt Benckiser Calgon BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Chartres SAS	France	102 rue de Sours 28000 Chartres, France	ORD	100.00%
Reckitt Benckiser Chile SA	Chile	Av. Pdte. Kennedy Lateral 5454, Vitacura, Región Metropolitana, Chile	ORD	100.00%
Reckitt Benckiser Colombia SA	Colombia	Calle 46 # 5 – 76. Cali, Colombia	ORD	100.00%
Reckitt Benckiser Commercial (Italia) Srl	Italy	Via Spadolini, 7, 20141 Milan, Italy	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser Corporate Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser d.o.o	Croatia	Ulica grada Vukovara 269d, 10 000 Zagreb, Hrvatska, Croatia	ORD	100.00%
Reckitt Benckiser Detergents GmbH	Germany	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser Deutschland GmbH	Germany	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser East Africa Limited	Kenya	Plot Lr No 209/2462, Likoni Road, Nairobi, Kenya, Africa	ORD	99.00%
Reckitt Benckiser Ecuador SA	Ecuador	Francisco Salazar E10-37 y Jose Luis Tamayo. Quito, Ecuador	ORD	100.00%
Reckitt Benckiser Europe General Partnership	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	Partnership shares	100.00%
Reckitt Benckiser Europe General Partnership, Slough (UK), Wallisellen Branch – Swiss Branch	Switzerland	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Expatriate Services Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Fabric Treatment BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Finance (2005) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finance (2007)	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finance (2010) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finance (Ireland) Unlimited Company	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt Benckiser Finance Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Finish BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser France SAS	France	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser FSIA BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Global R&D GmbH	Germany	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany	ORD	100.00%
Reckitt Benckiser Health Argentina SA	Argentina	Alferez Bouchard 4191, 3rd floor, Munro, Buenos Aires, Argentina	ORD	100.00%
Reckitt Benckiser Health Comercial Ltda	Brazil	Estado de São Paulo, na Av. Presidente Juscelino Kubitschek, nº 1.909, Conjunto 241, Parte C, localizado no 24º andar da Torre Norte do Condomínio São Paulo Corporate Centers, Bairro Vila Nova Conceição, CEP 04543-907, Brazil	ORD	100.00%
Reckitt Benckiser Health Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare (Central & Eastern Europe) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser Healthcare (CIS) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare (Ireland) Limited	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt Benckiser Healthcare (Italia) SpA	Italy	Via Spadolini, 7, 20141 Milan, Italy	ORD	100.00%
Reckitt Benckiser Healthcare (MEMA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare (Philippines), Inc	Philippines	Unit 2202 One Global Place, 5th Ave. Corner 25th St. Bonifacio Global City, Taguig City 1634, Philippines	ORD	100.00%
Reckitt Benckiser Healthcare (Russia) LLC	Russia	Shlyuzovaya emb., 4, 115114 Moscow, Russia	ORD	100.00%
Reckitt Benckiser Healthcare (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare Australia Pty Limited	Australia	44 Wharf Road, West Ryde, NSW 2114, Australia	ORD	100.00%
Reckitt Benckiser Healthcare BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Healthcare France SAS	France	38 rue Victor Basch, 91300 Massy, France	ORD	100.00%
Reckitt Benckiser Healthcare India Private Limited	India	Plot No. 48, Sector 32, Near IITM, Gurgaon, Gurgaon, Haryana, India, 122001	ORD	100.00%
Reckitt Benckiser Healthcare International Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Healthcare Manufacturing (Thailand) Limited	Thailand	65 Moo 12 Lardkrabang-Bangplee Road, Bangplee Samutprakarn, Bangkok 10540, Thailand	ORD/PREF	45.00%
Reckitt Benckiser Healthcare Portugal Ltda	Portugal	R. Dom Cristóvão da Gama 1 – 1º Andar C/D, Edifício Restelo, 1400-113 Lisbon, Portugal	ORD	100.00%
Reckitt Benckiser Healthcare SA	Spain	Carrer de Mataró, 28, 08403 Granollers, Barcelona, Spain	ORD	100.00%
Reckitt Benckiser Hellas Chemicals SA	Greece	7 Taki Kavalieratou Street, 145 64 Kifissia, Greece	ORD	100.00%
Reckitt Benckiser Holding (Thailand) Limited	Thailand	No. 89 AIA Capital Center, Rooms 2504 – 2507, 25th Floor, Ratchadaphisek Rd., Dindaeng Sub-District, Dindaeng District, Bangkok 10400, Thailand	ORD/PREF	45.00%
Reckitt Benckiser Holding GmbH & Co KG	Germany	Darwinstrasse 2-4, 69115 Heidelberg, Germany	ORD	100.00%
Reckitt Benckiser Holdings (2017) Ltd	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Holdings (Channel Islands) Limited	Guernsey	1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW	ORD	100.00%
Reckitt Benckiser Holdings (Channel Islands) Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Holdings (Italia) Srl	Italy	Via Spadolini, 7, 20141 Milan, Italy	ORD	100.00%
Reckitt Benckiser Holdings (Luxembourg) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Reckitt Benckiser Holdings (Overseas) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser Holdings (TFFC) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Holdings (USA) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Holdings (USA) Limited – Luxembourg Branch	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	100.00%
Reckitt Benckiser Home Chemical Products Trading (Shanghai) Co Limited	China	C6-8 site, 6F, No.333 Futexi Road, Waigaoqiao Free Trade Zone, Shanghai City, China	ORD	100.00%
Reckitt Benckiser Hong Kong Limited	Hong Kong	Room 03-07, 15/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	ORD	100.00%
Reckitt Benckiser Hong Kong Limited – Taiwan Branch	Taiwan	6F., No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 10657, Taiwan, R.O.C.	–	100.00%
Reckitt Benckiser Household and Healthcare Ukraine LLC	Ukraine	Office 80, Letter G, Building 28-A Prospekt Stepana Bandery, Kiev 04073, Ukraine	ORD	100.00%
Reckitt Benckiser Household Products (China) Company Limited	China	No.34 Beijing East Road, Jingzhou City, Hubei Province, China	ORD	100.00%
Reckitt Benckiser Hygiene Home Brands B.V.	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Investments (2012) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Membership shares	100.00%
Reckitt Benckiser Investments (2017) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Investments (No. 1) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 2) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 4) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 5) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 6) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 7) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments (No. 8) Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser IP LLC	Russia	Kosmodamianskaya Nab d.52/1, Moscow, Russia	ORD	100.00%
Reckitt Benckiser Ireland Limited	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
Reckitt Benckiser Italia SpA	Italy	Via Spadolini, 7, 20141 Milan, Italy	ORD	100.00%
Reckitt Benckiser Japan Limited	Japan	Shinagawa-ku, 141-0022, Japan	ORD	100.00%
Reckitt Benckiser Jersey (No.1) Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD	100.00%
Reckitt Benckiser Jersey (No.1) Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser Jersey (No.2) Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD	100.00%
Reckitt Benckiser Jersey (No.2) Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Jersey (No.3) Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD	100.00%
Reckitt Benckiser Jersey (No.3) Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Jersey (No.5) Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD	100.00%
Reckitt Benckiser Jersey (No.5) Limited – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser Jersey (No.7) Limited	Jersey	ICF 5, St. Helier, Jersey JE1 1ST	ORD, Class A, C & D	100.00%
Reckitt Benckiser Kazakhstan LLC	Kazakhstan	House 15A, Koktem 1, Bostandyksky District, Almaty, 050040, Kazakhstan	ORD	100.00%
Reckitt Benckiser Kereskedelmi Kft	Hungary	134-146 ut Bocksai, 1113 Budapest, Hungary	ORD	100.00%
Reckitt Benckiser Laundry Detergents (No. 1) BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Laundry Detergents (No. 2) BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Lime-A-Way BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser LLC	Russia	Kosmodamianskaya Nab d.52/1, Moscow, Russia	ORD	100.00%
Reckitt Benckiser LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Membership shares	100.00%
Reckitt Benckiser Luxembourg (2010) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 1) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 2) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 3) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Luxembourg (No. 4) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Management Services Unlimited Company	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	A, B, C, D, E, F, G, H, I, K ORD	100.00%
Reckitt Benckiser Marc BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Mexico, SA de CV	Mexico	Circuito Dr Gustavo Baz,7 No 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico	ORD	100.00%
Reckitt Benckiser Morocco Sarl AU	Morocco	322 Boulevard, Zerktouni, Residence Boissy Ler Etage – Bourgogne, Casablanca, Morocco	ORD	100.00%
Reckitt Benckiser Nigeria Limited	Nigeria	12 Montgomery Road, Yaba, Lagos, Nigeria	ORD	99.53%
Reckitt Benckiser Nordic A/S	Denmark	Vandtårnsvej 83 A, 2860 Søborg, Denmark	ORD	100.00%
Reckitt Benckiser NV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser NV – Luxembourg Branch	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	–	100.00%
Reckitt Benckiser Oven Cleaners BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Pakistan Limited	Pakistan	3rd Floor, Tenancy 04 and 05, Corporate Office Block, Dolman City, HC-3, Block 4, Scheme 5, Clifton, Karachi, Pakistan	ORD	98.60%
Reckitt Benckiser Peru SA	Peru	Avenida República de Panamá No. 2557 Int. 202, La Victoria. Lima, Perú	ORD	100.00%
Reckitt Benckiser Pharmaceuticals (Pty) Limited	South Africa	8 Jet Park Road, Elandsfontein 1406, South Africa	ORD	100.00%
Reckitt Benckiser plc	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Porto Alto Lda	Portugal	Estrada Malhada dos Carrascos nr12, 2135-061, Samora Correia, Portugal	ORD	100.00%
Reckitt Benckiser Power Cleaners BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Production (Poland) Sp. z.o.o.	Poland	Okunin 1, 05-100 Nowy Dwór Mazowiecki, Poland	ORD	100.00%
Reckitt Benckiser Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Reckitt Benckiser Scholl India Private Limited	India	F73 & 74, Sipcot Industrial Park, Irungattukottai, Sriperumbudur TK, Kancheepuram District. – 602 117, Tamilnadu, India	ORD	100.00%
Reckitt Benckiser Service Bureau Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Services (Kenya) Limited	Kenya	Plot Lr No 1870/I/569, 2nd Floor Apollo Centre, Ring Road Parklands, Westlands, Pobox 764, 00606 Nairobi, Kenya, Africa	ORD	100.00%
Reckitt Benckiser Services SA de CV	Mexico	Circuito Dr Gustavo Baz,7 No 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico	ORD	100.00%
Reckitt Benckiser South Africa (Pty) Limited	South Africa	8 Jet Park Road, Elandsfontein 1406, South Africa	ORD	100.00%
Reckitt Benckiser South Africa Health Holdings (Pty) Limited	South Africa	8 Jet Park Road, Elandsfontein, Gauteng, 1601, South Africa	ORD	100.00%
Reckitt Benckiser Taiwan Limited	Taiwan	106 94043 Charity No. 136, Sec Taiwan	ORD	100.00%
Reckitt Benckiser Tatabanya Kft	Hungary	134-146 ut Bocksai, 1113 Budapest, Hungary	ORD	100.00%
Reckitt Benckiser Temizlik Malzemesi San. ve Tic. A.S.	Turkey	Hakki Yeten Cad. Selenium Plaza K:7-8-9, Fulya, Besiktas, Istanbul, Turkey	ORD	99.96%
Reckitt Benckiser Tiret BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Treasury (2007) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Reckitt Benckiser Treasury Services plc	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA (2010) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Membership shares	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Reckitt Benckiser USA (2010) LLC – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser USA (2012) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership shares	100.00%
Reckitt Benckiser USA (2013) LLC	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, United States	Membership shares	100.00%
Reckitt Benckiser USA (2013) LLC – UK Branch	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	–	100.00%
Reckitt Benckiser USA Finance (No.1) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA Finance (No.2) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser USA Finance (No.3) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Benckiser Vanish BV	Netherlands	Siriusdreef 14, 2132 WT Hoofddorp, The Netherlands	ORD	100.00%
Reckitt Benckiser Venezuela SA	Venezuela	Avenida Mara con Calle San José, Centro Comercial Macaracuay Plaza, Nivel C3, Locales 5 y 12. Urb. Colinas de la California. Caracas, Venezuela	ORD	100.00%
Reckitt Colman Chiswick (OTC) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Reckitt Piramal Private Limited	India	8th Floor, B-Wing, Marwah Centre, Krishanlal Marwah Marg, Saki Naka, Andheri East, Mumbai – 400 072, India	ORD	100.00%
Reigate Square Holdings Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Relcamp Aie (in liquidation)	Spain	Carrer de Fray Pau Carbó, 24, 08403, Granollers, Barcelona, Spain	ORD	100.00%
Rivalmuster	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl (Investments) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl (UK) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl Consumer Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl Latin America Limited (in liquidation)	Bahamas	c/o 103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Scholl Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
Servicios Nutricionales Mead Johnson, S. de R.L. de C.V.	Mexico	Lago Zurich #245, Edificio Presa Falcon Floor 11, Mexico City, 11529, Mexico	Partnership/ Membership interests	100.00%
Seton Healthcare Group No.2 Trustee Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
Seton Healthcare No.1 Trustee Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Group Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Healthcare Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Prebbles Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl Healthcare International Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl Healthcare Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl Overseas Investments Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sonet Scholl UK Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Sphinx Holding Company, Inc.	Philippines	2309 Don Chino Roces Avenue, Makati City, PH 1321, Philippines	Common/PREF	38.00%
SSL (C C Manufacturing) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (C C Services) Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/PREF	100.00%
SSL (MG) Polymers Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (MG) Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (RB) Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL (SD) International Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL Australia Pty Ltd	Australia	225 Beach Road, Mordialloc VIC 3195, Australia	ORD	100.00%
SSL Capital Limited	Jersey	44 Esplanade, St Helier, Jersey, JE4 9WG	ORD/PREF	100.00%
SSL Healthcare (Shanghai) Ltd	China	Room 1605, No.660 Shangcheng Road, Pudong District, Shanghai City, China	ORD	100.00%
SSL Healthcare Ireland Limited	Ireland	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	ORD	100.00%
SSL Healthcare Malaysia Sdn Bhd (in liquidation)	Malaysia	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
SSL Healthcare Manufacturing SA	Spain	Av. Can Fatjó, 151, 08191 Rubí, Barcelona, Spain	ORD	100.00%
SSL Healthcare Norge AS	Norway	Vollsveien 9, 1366 Lysaker, Norway	ORD	100.00%
SSL Healthcare Sverige AB	Sweden	Waterfront, Box 190, SE-101 23 Stockholm, Sweden	ORD	100.00%

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Registered office	Share Class	Proportion of shares held
SSL Holdings (USA) Inc	USA	c/o Corporation Service Company, 2711 Centerville Rd, Ste 400, Wilmington, DE 19808, USA	Common	100.00%
SSL International plc	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
SSL Manufacturing (Thailand) Ltd	Thailand	Wellgrow Industrial Estate, 100 Moo 5, Bagna Trad Rd Km 36 Bangaamak, Bangpakong, Chachoengsao, Bangkok 24180, Thailand	ORD	100.00%
SSL New Zealand Limited	New Zealand	2 Fred Thomas Dr, Takapuna, Auckland 0622, New Zealand	ORD	100.00%
SSL Products Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Suffolk Finance Company Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD/DEF	100.00%
Suffolk Insurance Limited	Bermuda	Clarendon House, 2 Church Street, Hamilton, HM DX, Bermuda	Common	100.00%
Tai He Tai Lai Culture Communication Co Ltd	China	1-1707, No.15 Majiapu West Road, Fengtai District, Beijing City, China	ORD	100.00%
The RB Company (Malaysia) Sdn Bhd (in liquidation)	Malaysia	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia	ORD	100.00%
Tubifoam Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Ultra Chemical Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Ultra Laboratories Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
W.Woodward,Limited	UK	103-105 Bath Road, Slough, SL1 3UH, United Kingdom	ORD	100.00%
Winchester Square Holdings Sarl	Luxembourg	1 Rue de la Poudrerie, L – 3364 Leudelange, Luxembourg	ORD	100.00%
Xinzhou ZhongHeng Pharmaceutical Co Ltd	China	Economic Development Zone, Xinzhou City, Shanxi Province, China	ORD	100.00%
Zhong Wei Guo Yuan (Beijing) Biotech Co Ltd	China	B-1201, Area 1, Fang Zhuang Fang Cheng Yuan, Fengtai District, Beijing, China	ORD	100.00%