Kimberly-Clark Europe Limited

Annual report and financial statements for the year ended 31 December 2020

Registered number 04060641

Kimberly-Clark Europe Limited

Annual report and financial statements for the year ended 31 December 2020

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Directors

K S Dhillon
O V Neznal
D S Cunningham (appointed 15 September 2021)

Registered office

Douglas House
40 London road
Reigate
Surrey
RH2 9QP

Company number

04060641

Independent auditor

Deloitte LLP, Statutory Auditor, St Albans, United Kingdom

Kimberly-Clark Europe Limited

Strategic report
for the year ended 31 December 2020

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

The directors present their strategic report, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Review of the business and future development

The company's principal activities during the year continued to be the European based manufacture and marketing of health and hygiene products for household, commercial, institutional and industrial uses. The company's products are distributed through a network of European limited risk distributors.

The directors expect the company to continue to trade in its current form, and at current profit levels, for the foreseeable future other than a global restructuring program that was announced in January 2018 by the Kimberly-Clark group in order to free up funds to enable greater investment in the company's brands.

We expect strong performance in future years from the investments made despite a one-time benefit from increased sales in 2020 due to the impact of Covid-19. Sales for 2020 have increased to €1,509,015,000 (2019: €1,451,933,000) and net assets to €198,368,000 (2019: €170,690,000), although management still anticipate strong future performance, this was a year impacted by an increase demand for our products.

Key performance indicator

The directors consider sales and gross profit margin of the business to be a key performance indicators. The gross profit margin for the year ended 31 December 2020 was 18.8% (2019: 12.0%) and reflects an expected and reasonable level of profit given the economic, cost savings from the global restructuring project and business environment, particularly because of the unprecedented demand for some of our products as a result of Covid-19. The company also experienced significant sales growth of 3.9% because of the business and economic environment paired with the impact of Covid-19 and increased demand for our products, with sales increasing to €1,509,015,000 (2019: €1,451,933,000).

Principal risks and uncertainties

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

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

Price risk:

Under contractual agreement, the company bears the price risk relating to inventory, utilities and other operating costs on behalf of the European commissionaire companies.

Cash flow risk:

The company purchases and sells in currencies other than the Euro and consequently is exposed to currency risks. The principal exposures are to the US dollar and pound sterling. The company uses foreign exchange contracts to hedge these exposures.

Liquidity risk:

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

Credit risk:

The company's principal financial assets are receivables from other group companies, and the company's credit risk is primarily attributable to these receivables. In addition, the company indemnifies these group companies for any third party bad debts. An allowance for impairment is made where there

Principal risks and uncertainties (*continued*)

Credit risk (continued):

is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

Competitive risk:

The company operates in mature markets where there is fierce competition both in terms of product innovation and retail pricing. The company, and the wider Kimberly-Clark group, is committed to significant investment

in research and development in order to keep its products well positioned in the market place in terms of quality, innovation and performance.

Interest rate risk:

Interest bearing assets and liabilities are held at a variable rate, which is linked to LIBOR. This exposure is not hedged as the directors do not consider it to be cost effective.

Brexit risk:

The directors continue to monitor the impact of Brexit on the company specifically with regards to the retention of skilled labour and exchange rate volatility. As a result, Kimberly-Clark have put in place strategic steering groups and agreed a risk-based approach to mitigation across the organisation. The directors continue to monitor the impact of Brexit and will adjust plans as regulations develop however, no material impacts have been experienced as a result of the UK departing the EU.

COVID-19:

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

During 2020, we experienced temporary closures of certain facilities, though we did not experience a material impact from a plant closure and our facilities were largely exempt or partially exempt from government closure orders. At many of our facilities, we have been experiencing increased employee absences, which may continue in the current situation however, did not result in any material circumstances impacting the business. During 2020, we also experienced increased volatility in foreign currency exchange rates and commodity prices, as the country experienced increased macro-economic volatility from the COVID-19 situation.

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

Streamlined Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, this is the Company's first time adoption of disclosures on energy and carbon.

Full global emissions for the Kimberly-Clark Group are disclosed in the annual sustainability report www.kimberly-clark.com/en-us/responsibility/annualreports.

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

GHG emissions and energy usage data for period 1 January 2020 to 31 December 2020		
	UK	
	31 December 2020	
	Tonnes of CO_2e	**Energy consumption (kwh)**
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	93,595	462,139
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	80,403	231,271
Sub-total of Scope 1 and scope 2 emissions	**173,998**	**693,410**
Emissions from purchased goods & services, waste generated in operations and capital goods where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	380,163	N/A
Total gross tonnes of CO_2e based on above	**554,161**	
Financial Turnover for UK (£'000)	**£598,262**	
Emissions Intensity (scope 1 and 2), tonnes of CO_2e per £'000 of turnover	**0.29 tonnes per £'000 turnover**	

*This is the first year of SECR data, therefore a comparison to the previous years energy and carbon performance is not required. Annual comparisons will be introduced for 31 December 2021.

SECR Methodology Statement 2020

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

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

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

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

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

Going concern

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

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

Kimberly-Clark Luxembourg Finance SARL, as a member of the Kimberly-Clark group has confirmed via a letter of support that it will provide adequate finance for the foreseeable future and at least for the 12 months from the date on which the financial statements are signed. In addition, Kimberly-Clark Corporation, the ultimate parent company, has confirmed via a letter of support to provide finance to Kimberly-Clark Luxembourg Finance SARL to ensure it can trade in its current form, and to meet its obligation, for at least 18 months from the 6 September 2021. Kimberly-Clark Corporation continues to perform strongly with $782,000,000 cash provided by operations from the 2021 Q3 financial results.

Management has considered the impact of Covid-19 and do not consider it to have an effect on a conclusion to prepare the accounts on a basis of going concern. Although the business continues to monitor the impact of Covid-19 closely, after sensitivity analysis has been applied on key variables such as sales and cost of sales no additional cashflow needs or material financial impacts are expected.

Section 172 Statement

Engaging and building trust with key stakeholders that interact with, or are impacted by, our business is key to delivering our strategy and ensuring our success over the long term. The board of directors are committed to quarterly governance board meetings allowing for all departmental issues to be discussed with senior leaders within the business.

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

Consumers and customers

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

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

Social Impact and sustainability

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

Social Impact and sustainability ***(continued)***

The business actively engages with climate control initiatives. Continuing its partnership with an energy provider to reduce electricity usage during high periods of demand, focused on energy usage in the winter through Triad warnings. This provides excess capacity to the National Grid during a Triad.

In addition, light energy saving measures were brought into all mills operating throughout the UK during 2020. As we move forward, we seek to reduce our carbon emissions through various activities including seeking carbon efficient methods to reduce our energy consumption. Work is ongoing, to implement more efficient machinery within the UK mills, scheduled to complete in 2021 as part of the global restructuring program.

Employees

Our culture is purpose led and performance driven. We bring our purpose to life through our Compass, which guides how we care for each other and our business results. Borne out of our Purpose, our Values and Ways of Working combine to create a purpose led, performance driven culture. During 2020, despite the impact of Covid-19 and having to work from home, we held regular interactive events and townhalls led by senior leaders, offer career and personal development opportunities, provide EAP services and actively promote a flexible working environment to support our employees to manage their lives.

We managed Regular Global all-employee surveys give employees the opportunity to provide feedback to the Company and, more specifically Team Leaders, allowing us to monitor employee engagement and act on feedback to continuously improve engagement.

Suppliers

Supply chain management and being committed to becoming a customer of choice, we actively engage with suppliers to seek feedback on relationship satisfaction and opportunities for improvement. During the year we have focused on centralized functions to improve efficiencies with invoice processing and improving payment lead times.

We have continually invested in our processes to ensure our external providers aligned to support proper recording of invoicing and payment procedures.

This report was approved by the board on 13 December 2021, and was signed on its behalf by:

K S Dhillon

Director

Douglas House
40 London road
Reigate
Surrey
RH2 9QP

Directors' report
for the year ended 31 December 2020

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the strategic report on pages 1 to 5 and in Note 1 (b) to the financial statement. There were no significant post balance sheet events reported.

Research and development

During 2020 the company's projects to develop product and process innovation continued according to plan.

Financial risk management objectives and policies

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

Dividend

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

Energy and carbon reporting

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

Directors

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

K S Dhillon
O V Neznal
D S Cunningham (appointed 15 September 2021)
T O Wilkinson (resigned 15 September 2021)

Directors' indemnities

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

Disabled employees

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

Employee consultation

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

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

This report was approved by the board on 13 December 2021, and was signed on its behalf by:

K S Dhillon

Director

Douglas House
40 London road
Reigate
Surrey
RH2 9QP

Directors' responsibilities statement
for the year ended 31 December 2020

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

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

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

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

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

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Heather Bygrave.

Heather Bygrave FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 December 2021

Kimberly-Clark Europe Limited

Profit and loss account
for the year ended 31 December 2020

	Note	Total 2020 €'000	Total 2019 €'000
Turnover	3	**1,509,015**	1,451,933
Cost of sales		**(1,224,821)**	(1,278,169)
Gross Profit		**284,194**	173,764
Non-routine administrative expenses: cost of business restructuring	4	**(30,063)**	(64,391)
Administrative expenses		**(163,817)**	(109,183)
Distribution expenses		**(42,410)**	(40,062)
Operating Profit / (Loss)		**47,904**	(39,872)
Net finance costs	5	**(4)**	(19)
Profit / (Loss) before taxation	6	**47,900**	(39,891)
Tax charge on Profit / (Loss)	9	**(11,643)**	2,547
Profit / (Loss) for the financial year		**36,257**	(37,344)

All results relate to continuing operations.

Kimberly-Clark Europe Limited

Statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 €'000	2019 €'000
Profit / (Loss) for the financial year (continuing)		**36,257**	(37,344)
Total profit / (loss) for the financial year		**36,257**	(37,344)
Cash flow hedges			
(Loss) / Gain arising during the year		**(7,256)**	5,875
Loss reclassified to profit or loss		**(3,650)**	(13,785)
		(10,906)	(7,910)
Tax relating to components of other comprehensive expense	14	**2,057**	1,345
Other comprehensive expense		**(8,849)**	(6,565)
Total comprehensive income / (expense)		**27,408**	(43,909)

Kimberly-Clark Europe Limited

Balance sheet as at 31 December 2020
Registered number 04060641

	Note	2020 €'000	2019 €'000
Fixed assets			
Tangible assets	11	**1,125**	1,036
Investments	12	**1**	1
		1,126	1,037
Current assets			
Stocks	13	**166,840**	164,093
Debtors - due within one year	14	**574,299**	551,898
Cash at bank and in hand		**1,373**	1,305
		742,512	717,296
Creditors: Amounts falling due within one year	15	**(543,929)**	(545,984)
Net current assets		**198,583**	171,312
Total assets less current liabilities		**199,709**	172,349
Provisions for liabilities	16	**(1,341)**	(1,389)
Net assets		**198,368**	170,960
Capital and reserves			
Called-up share capital	18	**11,100**	11,100
Capital contribution reserve	18	**15,522**	15,522
Equity reserve	18	**4,055**	4,055
Hedging reserve	18	**(10,932)**	(2,083)
Profit and loss account	18	**178,623**	142,366
Shareholder's funds		**198,368**	170,960

The financial statements of Kimberly-Clark Europe Limited, company registration number 04060641, were approved by the Board of Directors and authorised for issue on 13 December 2021.

K S Dhillon
Director

Kimberly-Clark Europe Limited

Statement of changes in equity
As at 31 December 2020

	Note	Called-up share capital	Capital reserve	Equity reserve	Hedging reserve	Profit and loss account	Total
		€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2019		11,100	7,427	4,055	4,482	179,710	**206,774**
Loss for the financial year		-	-	-	-	(37,344)	**(37,344)**
Cash flow hedges:							
Gains arising during the period		-	-	-	5,875	-	**5,875**
Loss reclassified to profit or loss		-	-	-	(13,785)	-	**(13,785)**
Tax relating to components of other comprehensive income		-	-	-	1,345	-	**1,345**
Total comprehensive expense		-	-	-	(6,565)	(37,344)	**(43,909)**
Group Relief		-	8,095	-	-	-	**8,095**
At 31 December 2019		11,100	15,522	4,055	(2,083)	142,366	**170,960**
Profit for the financial year		-	-	-	-	36,257	**36,257**
Cash flow hedges:							
Loss arising during the period		-	-	-	(7,256)	-	**(7,256)**
Loss reclassified to profit or loss		-	-	-	(3,650)	-	**(3,650)**
Tax relating to components of other comprehensive expense		-	-	-	2,057	-	**2,057**
Total comprehensive income / (expense)		-	-	-	(8,849)	36,257	**27,408**
At 31 December 2020		**11,100**	**15,522**	**4,055**	**(10,932)**	**178,623**	**198,368**

1. Accounting policies

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

a. General information and basis of accounting

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

The financial statements have been prepared under the historical cost convention, with the exception of financial instruments which are valued at fair value (see note 1.d), and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

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

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

b. Going concern

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

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

Kimberly-Clark Luxembourg Finance SARL, as a member of the Kimberly-Clark group has confirmed via a letter of support that it will provide adequate finance for the foreseeable future and at least for the 12 months from the date on which the financial statements are signed. In addition, Kimberly-Clark Corporation, the ultimate parent company, has confirmed via a letter of support to provide finance to Kimberly-Clark Luxembourg Finance SARL to ensure it can trade in its current form, and to meet its obligation, for at least 18 months from the 6 September 2021. Kimberly-Clark Corporation continues to perform strongly with $782,000,000 cash flows from operations from the 2021 Q3 financial results.

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

1. **Accounting policies (*continued*)**

c. Tangible fixed assets

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

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

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

d. Financial instruments

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

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

(i) Financial assets and liabilities

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

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

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

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

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

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

1. Accounting policies (*continued*)

d. Financial instruments (*continued*)

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

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

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

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

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

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

(ii) Investments

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

(iii) Equity instruments

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

e. Impairment of assets

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

Non-financial assets

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

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

1. Accounting policies (*continued*)

e. Impairment of assets *(continued)*

Financial assets

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

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

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

f. Taxation

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

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

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

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

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

g. Interest income

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

h. Research and development costs

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

i. Turnover

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

1. Accounting policies (*continued*)

j. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

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

k. Foreign currency

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

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

l. Leases

The company as lessee

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

m. Stocks

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

n. Share-based payments

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

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

1. Accounting policies (*continued*)

o. Non-routine administrative expenses

Non-routine and non-recurring expenses have been incurred in the financial year. These costs have been recognised as exceptional in nature due to being separately identifiable from routine business expenses. Refer to note 1.p for items disclosed as exceptional.

p. Restructuring expenses

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

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

Management have not identified any critical judgements in applying the company's accounting policies.

Key sources of estimation uncertainty

Management has estimated the recoverability of its trade receivables and made provisions accordingly. Management has also estimated its liabilities with regards accrued customer discounts and allowances which are typically driven by volume. Sensitivity analysis has been applied to key variable which impact working capital to generate a reasonable expectation.

Management judgement has been used to determine whether a restructuring cost can be recognised in the year. Key judgements included assessing whether the timing and extent of the plans and their communication to those likely to be affected meet relevant provisioning requirements as at the balance sheet date.

3. Turnover

The company's only class of business is the sale of goods.

	2020 €'000	2019 €'000
Europe	**1,386,160**	1,328,815
Middle East	**40,369**	43,472
Africa	**44,226**	34,114
Other	**38,260**	45,532
	1,509,015	1,451,933

4. Non-routine administrative expenses

Following the January 2018 global restructuring program announcement by the Kimberly-Clark group to free up funds to enable greater investment in the company's brands; the plan is expected to be completed by December 2021.

The company recognised costs of €30,063,000 (2019: €64,391,000) including costs charged to it from its European limited risk distributors and toll manufacturers in accordance with long-standing contractual obligations.

5. Net finance cost

	2020 €'000	2019 €'000
Interest payable to group undertakings	**(4)**	(19)
	(4)	(19)

6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation was charged after charging/(crediting):

	2020 €'000	2019 €'000
Depreciation of tangible fixed assets (note 11)	**296**	296
Research and development	**5,947**	7,683
Operating lease rentals – plant and machinery	**340**	390
Operating lease rentals – land and buildings	**600**	1,213
Cost of stock recognised as an expense	**3,540**	3,266
Foreign exchange credit	**(6,567)**	(15,265)

Auditor's remuneration for the auditing of the company's financial statement of €176,000 was borne by a group company (2019: €149,000) .

No services were performed pursuant to contingent fee arrangements. There were no other non-audit fees (2019: €nil).

7. Staff numbers and costs

The average monthly number of employees was:

	2020 Number	2019 Number
Administration	**415**	413
	415	413

Their aggregate remuneration comprised:	2020 €'000	2019 €'000
Wages and salaries	**46,665**	40,564
Social security costs	**4,678**	4,198
Pension costs	**3,186**	3,264
Severance costs	**1,394**	791
	55,923	48,817

As part of the current year restructuring severance costs of €1,394,000 (2019: €791,000) are included in staff costs above.

8. Directors' remuneration and transactions

	2020 €'000	2019 €'000
Directors' remuneration		
Emoluments	**1,494**	1,101
Amounts receivable (other than shares and share options) under long-term incentive schemes	**423**	386
	1,917	1,487

	2020 Number	2019 Number
The number of directors who:		
Are members of a defined benefit pension scheme	**2**	2
Exercised options over shares in a group company	**2**	1
Had awards receivable in the form of shares under a long-term incentive scheme	**2**	2

	2020 €'000	2019 €'000
Remuneration of the highest paid director:		
Emoluments	**1,285**	680
	1,285	680

The highest paid director did exercise share options during the year.

9. Tax on profit/(loss) on ordinary activities

Analysis of tax charge/(credit) in the year

	2020 €'000	2019 €'000
Current tax:		
UK corporation tax on profits of the period	**10,880**	(5,914)
Adjustment for previous periods	**(67)**	3,154
	10,813	(2,760)
Deferred tax:		
Origination and reversal of timing differences	**1,024**	269
Adjustment in respect of prior periods	**(1)**	(28)
Effect of changes in tax rate	**(193)**	(28)
	830	213
Taxation on profit from ordinary activities	**11,643**	(2,547)

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

	2020 €'000	2019 €'000
Profit/(Loss) on ordinary activities before taxation	**47,900**	(39,891)
Tax on Profit/(Loss) at standard rate of corporation tax in the UK 19.00% (2019: 19.00%)	**9,101**	(7,579)
Effects of:		
Expenses not deductible	**1,570**	356
Income not taxable	**(17)**	(22)
Effect of movement in reserves	**860**	1,835
Adjustment for previous years	**(68)**	3,126
Tax rate changes	**(193)**	(28)
Other	**390**	(235)
Tax charge/(credit) for the year	**11,643**	(2,547)

9. Tax on profit/(loss) on ordinary activities (continued)

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's/group's deferred tax balances.

10. Share based payments

Equity-settled share option scheme

The company issues shares options in Kimberly-Clark Corporation Inc. to certain employees. There are three types of equity settled share option schemes as follows:

Approved Share Option Scheme

These share options vest on the third anniversary of the grant. The option must be exercised by the tenth anniversary of the grant. All outstanding options vest upon retirement which can take place no earlier than age 50. In the case of death or incapacity due to ill health outstanding shares automatically vest and must be exercised within three years. All shares that have not vested are forfeited if the employee leaves the company.

Unapproved Share Option Scheme

These share options vest over three years: 30% by the first anniversary of the grant, 60% by the second and 100% by the third. The option must be exercised by the tenth anniversary of the grant. All outstanding options vest upon retirement which can take place no earlier than the age 55. In the case of death or incapacity due to ill health outstanding shares automatically vest and must be exercised within three years. All shares that have not vested are forfeited if the employee leaves the company.

Restricted Stock Unit Plan

The company issues restricted stock unit options to certain employees, some of which have performance criteria. These vest over a five year period. All outstanding shares automatically vest at the date of retirement, which can take place no earlier than age 55. Upon death or incapacity due to ill health the shares vest automatically. All non-vested shares are forfeited if the employee leaves the company.

The fair value of the share options is calculated using the Black Scholes model, which is considered the most appropriate generally accepted valuation method of measuring fair value.

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

11. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Assets in the course of construction	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 January 2020	2,626	5,155	-	**7,781**
Additions	-	36	349	**385**
At 31 December 2020	**2,626**	**5,191**	**349**	**8,166**
Depreciation				
At 1 January 2020	1,881	4,864	-	**6,745**
Charge for the year	267	29	-	**296**
At 31 December 2020	**2,148**	**4,893**	**-**	**7,041**
Net book value				
At 31 December 2020	**478**	**298**	**349**	**1,125**
At 31 December 2019	**745**	**291**	**-**	**1,036**

12. Fixed Asset Investments

	Investments in subsidiary undertakings €'000
Cost and net book value	
Cost	417
Impairment	(416)
At 1 January and 31 December 2020	1

Company	Country of incorporation	Class	Shares held %
Kimberly-Clark EMEA Holdings Limited, Douglas House, Reigate, Surrey, RH2 9QP	UK	Ordinary	100
Kimberly-Clark Maghreb SARL, Sidi Maarouf Business Centre, 1100 Bd El Qods, Casanearshore Shore 1, Sidi Maarouf, 20270, Casablanca, Morocco	Morocco	Ordinary	100

13. Stocks

	2020 €'000	2019 €'000
Raw materials and consumables	**50,653**	47,189
Finished goods and goods for resale	**116,187**	116,904
	166,840	164,093

14. Debtors

	2020 €'000	2019 €'000
Amounts falling due within one year:		
Trade debtors	**13,565**	13,782
Deferred tax asset (see below)	**2,738**	1,512
Amounts owed by group undertakings*	**540,799**	519,946
Corporation tax	**-**	1,733
Other debtors	**6,451**	8,912
Prepayments and accrued income	**10,746**	6,013
	574,299	551,898

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

14. Debtors ***(continued)***

	Deferred taxation
	€'000
At 1 January 2020	**1,512**
Charged to other comprehensive income	**2,057**
Adjustment in respect of prior years	**(1)**
Charged to profit and loss account	**(830)**
At 31 December 2020	**2,738**

Deferred tax is provided as follows:

	2020	2019
	€'000	**€'000**
Fixed asset timing differences	**(428)**	(363)
Short term timing differences	**(2,310)**	(1,149)
	(2,738)	(1,512)

The deferred tax assets are recoverable within 12 months.

15. Creditors: amounts falling due within one year

	2020	2019
	€'000	**€'000**
Amounts falling due within one year:		
Supply chain finance*	**79,050**	64,229
Trade creditors	**133,656**	142,842
Amounts owed to group undertakings**	**302,229**	312,161
Corporation tax payable	**1,820**	-
Other taxation and social security	**464**	974
Accruals and deferred income	**18,698**	24,348
Derivative financial liabilities	**8,012**	1,430
	543,929	545,984

* Supply chain finance is offered through its banking group facilities. This facility allows suppliers to obtain payment from the bank ahead of commercially agreed payment terms. There is no impact on liquidity as Kimberly-Clark Europe Limited will in turn make payment to its bank on the due date of the invoice.

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

16. Provision for liabilities

	Restructuring provision
	€'000
At 1 January 2020	**1,389**
Charged to profit and loss	**1,626**
Change in estimate base	**(617)**
Utilised in the year	**(1,057)**
At 31 December 2020	**1,341**

The restructuring provisions are payable within 12 months.

17. Financial instruments

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

	2020 €'000	2019 €'000
Financial assets		
Measured at undiscounted amount		
- Trade and other debtors	**20,016**	22,694
- Amounts due from group undertakings	**540,799**	519,946
	560,815	542,640

All financial assets and liabilities held at fair value have been determined by a quoted market price in an active market exchange.

17. Financial instruments *(continued)*

	2020 €'000	2019 €'000
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
- Derivative financial liabilities	**8,012**	1,430
Measured at undiscounted amount payable		
- Supply chain finance	**79,050**	64,229
- Trade creditors	**133,656**	142,842
- Amounts owed to group undertakings	**302,229**	312,161
- Accruals and deferred income	**18,698**	24,348
- Taxation	**2,284**	974
	543,929	545,984

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

	2020 €'000	2019 €'000
Total fair value gains from hedge accounting recognised in profit and loss	**4,340**	13,700
Total interest expense for financial liabilities at amortised cost	**(4)**	(19)

18. Called-up share capital and reserves

	2020 €'000	2019 €'000
Allotted, called up and fully paid		
11,100,010 ordinary shares of €1 each	**11,100**	11,100
	11,100	11,100

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

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

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged items affects profit or loss or when the hedging relationship ends.

18. Called-up share capital and reserves *(continued)*

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

The capital contribution reserve relates to group relief received from and surrendered to group companies for nil consideration. During the year the company received €Nil (2019: €8.1m) of such group relief.

19. Financial commitments

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

	Land and buildings 2020 €'000	Other 2020 €'000	Land and buildings 2019 €'000	Other 2019 €'000
Within one year	**678**	**69**	600	82
Between one and five years	**1,183**	**70**	1,047	70
After five years	**-**	**-**	-	-
	1,861	**139**	1,647	152

20. Employee benefits

Defined contribution schemes

A subsidiary company operates a defined contribution retirement benefit scheme on behalf of the Company for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2020 was €3.2m (2019: €3.3m).

Defined benefit schemes

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

There is no contractual agreement or stated policy for charging the cost of the defined plan between entities, therefore the full liability is recognised on the balance sheet of Kimberly-Clark Limited. As of 31 December 2018 the defined benefit scheme was curtailed therefore, no future employee contributions are to be made. All future funding requirements will be made by Kimberly-Clark Limited.

The most recent actuarial valuations of scheme assets and the present value of defined benefit obligation were carried out at 8 April 2018 by C B Rodgers, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. At the year-end the valuation was updated based on high-level groupings of membership information.

Further details of the Kimberly-Clark Pension Scheme are disclosed in the financial statements of Kimberly-Clark Limited.

21. Related party transactions

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

22. Controlling party

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

23. Off-balance sheet arrangements

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