

# Consolidated income statement

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m	2018 £m
Turnover	6	34,099	33,754	30,821
Cost of sales		(11,704)	(11,863)	(10,241)
Gross profit		22,395	21,891	20,580
Selling, general and administration		(11,456)	(11,402)	(9,915)
Research and development		(5,098)	(4,568)	(3,893)
Royalty income		318	351	299
Other operating income/(expense)	7	1,624	689	(1,588)
<b>Operating profit</b>	8	7,783	6,961	5,483
Finance income	11	44	98	81
Finance expense	12	(892)	(912)	(798)
Profit on disposal of interest in associates		—	—	3
Share of after tax profits of associates and joint ventures	13	33	74	31
<b>Profit before taxation</b>		6,968	6,221	4,800
Taxation	14	(580)	(953)	(754)
<b>Profit after taxation for the year</b>		6,388	5,268	4,046
Profit attributable to non-controlling interests		639	623	423
Profit attributable to shareholders		5,749	4,645	3,623
		6,388	5,268	4,046
Basic earnings per share (pence)	15	115.5p	93.9p	73.7p
Diluted earnings per share (pence)	15	114.1p	92.6p	72.9p

# Consolidated statement of comprehensive income

for the year ended 31 December 2020

	2020 £m	2019 £m	2018 £m
Profit for the year	6,388	5,268	4,046
<b>Other comprehensive income/(expense) for the year</b>			
Items that may be subsequently reclassified to income statement:			
Exchange movements on overseas net assets and net investment hedges	37	(59)	(832)
Reclassification of exchange movements on liquidation or disposal of overseas subsidiaries	37	36	(75)
Fair value movements on cash flow hedges		(19)	(20)
Tax on fair value movements on cash flow hedges		(18)	16
Reclassification of cash flow hedges to income statement		54	3
Deferred tax reversed on reclassification of cash flow hedges		—	20
	(6)	(908)	(517)
Items that will not be reclassified to income statement:			
Exchange movements on overseas net assets of non-controlling interests	37	(34)	(75)
Fair value movements on equity investments		1,348	372
Tax on fair value movements on equity investments		(220)	(95)
Remeasurement (losses)/gains on defined benefit plans		(187)	(1,050)
Tax on remeasurement of defined benefit plans		69	189
	976	(659)	771
<b>Other comprehensive income/(expense) for the year</b>	37	970	(1,567)
<b>Total comprehensive income for the year</b>		7,358	3,701
Total comprehensive income for the year attributable to:			
Shareholders		6,753	3,153
Non-controlling interests		605	548
<b>Total comprehensive income for the year</b>		7,358	3,701
			4,300

# Consolidated balance sheet

as at 31 December 2020

	Notes	2020 £m	2019 £m
<b>Non-current assets</b>			
Property, plant and equipment	17	10,176	10,348
Right of use assets	18	830	966
Goodwill	19	10,597	10,562
Other intangible assets	20	29,824	30,955
Investments in associates and joint ventures	21	364	314
Other investments	22	3,060	1,837
Deferred tax assets	14	4,287	4,096
Derivative financial instruments	43	5	103
Other non-current assets	23	1,041	1,020
Total non-current assets		60,184	60,201
<b>Current assets</b>			
Inventories	24	5,996	5,947
Current tax recoverable	14	671	262
Trade and other receivables	25	6,952	7,202
Derivative financial instruments	43	152	421
Liquid investments	29	78	79
Cash and cash equivalents	26	6,292	4,707
Assets held for sale	27	106	873
Total current assets		20,247	19,491
Total assets		80,431	79,692
<b>Current liabilities</b>			
Short-term borrowings	29	(3,725)	(6,918)
Contingent consideration liabilities	32	(765)	(755)
Trade and other payables	28	(15,840)	(14,939)
Derivative financial instruments	43	(221)	(188)
Current tax payable	14	(545)	(629)
Short-term provisions	31	(1,052)	(621)
Total current liabilities		(22,148)	(24,050)
<b>Non-current liabilities</b>			
Long-term borrowings	29	(23,425)	(23,590)
Corporation tax payable	14	(176)	(189)
Deferred tax liabilities	14	(3,600)	(3,810)
Pensions and other post-employment benefits	30	(3,650)	(3,457)
Other provisions	31	(707)	(670)
Derivative financial instruments	43	(10)	(1)
Contingent consideration liabilities	32	(5,104)	(4,724)
Other non-current liabilities	33	(803)	(844)
Total non-current liabilities		(37,475)	(37,285)
Total liabilities		(59,623)	(61,335)
Net assets		20,808	18,357
<b>Equity</b>			
Share capital	36	1,346	1,346
Share premium account	36	3,281	3,174
Retained earnings	37	6,755	4,530
Other reserves	37	3,205	2,355
Shareholders' equity		14,587	11,405
Non-controlling interests		6,221	6,952
Total equity		20,808	18,357

The financial statements on pages 154 to 237 were approved by the Board on 8 March 2021 and signed on its behalf by

**Sir Jonathan Symonds**  
Chairman

# Consolidated cash flow statement

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m	2018 £m
<b>Cash flow from operating activities</b>				
Profit after taxation for the year		6,388	5,268	4,046
Adjustments reconciling profit after tax to operating cash flows	41	3,708	4,264	5,701
Cash generated from operations		10,096	9,532	9,747
Taxation paid		(1,655)	(1,512)	(1,326)
<b>Net cash inflow from operating activities</b>		<b>8,441</b>	<b>8,020</b>	<b>8,421</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment		(1,226)	(1,265)	(1,344)
Proceeds from sale of property, plant and equipment		68	95	168
Purchase of intangible assets		(1,013)	(898)	(452)
Proceeds from sale of intangible assets		1,255	404	256
Purchase of equity investments		(411)	(258)	(309)
Proceeds from sale of equity investments		3,269	69	151
Contingent consideration paid		(120)	(113)	(153)
Purchase of businesses, net of cash acquired	40	15	(3,571)	–
Disposal of businesses	40	259	104	26
Investments in associates and joint ventures	40	(4)	(11)	(10)
Proceeds from disposal of interests in associates	40	–	–	3
(Increase)/decrease in liquid investments		(1)	1	–
Interest received		39	82	72
Dividends from associates, joint ventures and equity investments		31	7	39
<b>Net cash inflow/(outflow) from investing activities</b>		<b>2,161</b>	<b>(5,354)</b>	<b>(1,553)</b>
<b>Cash flow from financing activities</b>				
Issue of share capital	36	29	51	74
Purchase of non-controlling interests		–	(7)	(9,320)
Increase in long-term loans		3,298	4,794	10,138
Repayment of short-term Notes		(3,738)	(4,160)	(2,067)
(Repayment of)/increase in other short-term loans		(3,567)	3,095	81
Repayment of lease liabilities		(227)	(214)	(28)
Interest paid		(864)	(895)	(766)
Dividends paid to shareholders		(3,977)	(3,953)	(3,927)
Distributions to non-controlling interests		(1,208)	(364)	(570)
Contributions from non-controlling interests		3	–	21
Other financing cash flows		119	(187)	(25)
<b>Net cash outflow from financing activities</b>		<b>(10,132)</b>	<b>(1,840)</b>	<b>(6,389)</b>
<b>Increase in cash and bank overdrafts</b>	42	<b>470</b>	<b>826</b>	<b>479</b>
Cash and bank overdrafts at beginning of year		4,831	4,087	3,600
Exchange adjustments		(39)	(82)	8
Increase in cash and bank overdrafts		470	826	479
<b>Cash and bank overdrafts at end of year</b>		<b>5,262</b>	<b>4,831</b>	<b>4,087</b>
Cash and bank overdrafts at end of year comprise:				
Cash and cash equivalents		6,292	4,707	3,874
Cash and cash equivalents reported in assets held for sale		–	507	485
Overdrafts		6,292	5,214	4,359
		(1,030)	(383)	(272)
		<b>5,262</b>	<b>4,831</b>	<b>4,087</b>