

SmithKline Beecham Research Limited
(Registered number: 00229017)

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



Registered office address:
Building 5, First Floor The Heights
Weybridge
Surrey
KT13 0NY

SmithKline Beecham Research Limited
(Registered number: 00229017)

Contents	Pages
Company information	1
Strategic report	2-3
Directors' report	4-6
Independent auditor's report	7-9
Income statement	10
Statement of other comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14-34

SmithKline Beecham Research Limited

Company Information

Directors

GSK Consumer Healthcare Holdings (No.4) Limited

GSK Consumer Healthcare Holdings (No.8) Limited

Khalid El Ansari

Parul Garg

Company secretary

GSK Consumer Healthcare Holdings (No.8) Limited

Registered office

Building 5, First Floor The Heights

Weybridge

Surrey

KT13 0NY

Auditor

Deloitte LLP

Statutory Auditor

1 New Street Square

London

EC4A 3HQ

United Kingdom

SmithKline Beecham Research Limited
(Registered number: 00229017)

Strategic report for the year ended 31 December 2021

The Directors present their Strategic report on SmithKline Beecham Research Limited (the "Company") and the financial statements of the Company for the year ended 31 December 2021.

Principal activities and future developments

The Company is a member of the Haleon Group of Companies (the "Group") and was part of the GSK Group until 18 July 2022. The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is Building 5, First Floor The Heights, Weybridge, Surrey, KT13 0NY, England.

The principal activities of the Company are the manufacture and supply of pharmaceutical and consumer healthcare products to Group companies in the Philippines. In October 2018, the Group announced its intention to close the manufacturing site in the Philippines by the year 2021 following which the Directors expected the Company's principal activity to become the holding of intercompany balances with other group companies. A single campaign was run in Q1 2022 for selected Stock Keeping Units ("SKUs") which was approved in June 2021, this was to mitigate a prolonged out of stock situation due to delays in the readiness of the receiving sites brought about by pandemic related restrictions. Hence, the operation of the branch was extended until April 2022.

Review of business

The Company made a profit for the financial year of £479,000 (2020: loss of £994,000). In October 2018, the Group announced its intention to close the manufacturing site in the Philippines by 2021 which was extended until April 2022. This is the result of GSK's careful consideration of its manufacturing network strategy to ensure the continuous improvement of its operations, making them more efficient and responsive to the changing business environment. Production will be transferred to a combination of other Group manufacturing sites and third party contract manufacturers. Consequently, these financial statements have been prepared on a basis other than that of a going concern (see note 2(a)) after which the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies.

The profit for the financial year of £479,000 will be transferred to reserves (2020: loss of £994,000 transferred from reserves).

Principal risks and uncertainties

The Directors of GSK plc manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2021 Annual report which does not form part of this report.

Key performance indicators (KPIs)

The Directors of Haleon plc manage the Group's operations on an operating segment basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the GSK Group's 2021 Annual report which does not form part of this report.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Post balance sheet events

On 18 July 2022, the Haleon Group of companies was established after the separation of the JV Group (the joint venture between GlaxoSmithKline Consumer Healthcare Holdings Limited and PF Consumer Healthcare Holdings LLC) from the GSK Group. On that date, the Group was listed in the UK equity market. Subsequently, the Company became a subsidiary of the ultimate parent company Haleon plc.

The Philippines Branch shop floor operations ceased in April 2022. Decommissioning of the site was completed in July 2022. This included the dismantling and disposal of equipment through 3P auctioneer, direct buyers and scrap.

Section 172 Companies Act 2006 Statement

The Company's governance architecture and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term priorities of Innovation, Performance and Trust.

In the performance of its duty to promote the success of the Company and the long-term priorities, the Board has agreed to a number of matters, including listening to and considering the views of shareholders and the Company's other stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate.

Further disclosures detailing how, during the year, the Directors addressed the matters set out in Section 172(1) (a) to (f) of the Companies Act, can be found in the consolidated financial statements of the GSK Group, of which the Company is a member and no additional considerations are deemed necessary for the Company as the relevant matters are all considered in the GSK Group accounts. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

Streamlined Energy and Carbon Reporting (SECR)

The Company is committed to playing its part to address climate change by reducing our environmental impact. Further detail on the goals set by the Directors of the Group, as well as, emissions and energy use can be found in the **GSK Plc 2021 Annual Report and Financial Statements**.

Approved by the Board on 28 September 2022 and signed on its behalf by:



.....
Khalid El Ansari
Director

SmithKline Beecham Research Limited
(Registered number: 00229017)

Directors' report for the year ended 31 December 2021

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2021.

Results and dividends

The Company's results for the financial year are shown in the income statement on page 10.

No dividend is proposed to the holders of the Company's ordinary shares in respect of the year ended 31 December 2021 (2020: £nil).

Branches

The Company operates a branch in the Philippines, SmithKline Beecham Research Limited - Philippines. In October 2018, the Group announced its intention to close the manufacturing site in the Philippines by 2021 which was extended until April 2022.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Edinburgh Pharmaceutical Industries Limited	(Resigned on 06 April 2022)
Glaxo Group Limited	(Resigned on 06 April 2022)
Eugene Prokopchuk	(Resigned on 04 April 2022)
GSK Consumer Healthcare Holdings (No.4) Limited	(Appointed on 06 April 2022)
GSK Consumer Healthcare Holdings (No.8) Limited	(Appointed on 06 April 2022)
Khalid El Ansari	(Appointed on 04 April 2022)
Parul Garg	(Appointed on 04 April 2022)

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business with the exception of the Corporate Directors, where such an interest may arise in the ordinary course of business. A Corporate Director is a legal entity of the Group, as opposed to a natural person (an individual) Director.

Directors' indemnity

The directors are indemnified under the Company's articles of association and the directors benefit from a directors' and officers insurance policy which covers liabilities incurred by the director in the lawful execution and discharge of their duties.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Directors' report for the year ended 31 December 2021 (continued)

Statement of Directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the other than 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. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following items have been included in the Strategic report on pages 2 to 3:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators (KPIs);
- **post balance sheet events**;
- section 172 Companies Act 2006 Statement; and
- streamlined Energy and Carbon Reporting (SECR).

Stakeholder Engagement

The Company aims to build enduring relationships with all its stakeholders in the countries where it operates. The Company works with its business partners in an honest, respectful and responsible way and seeks to work with others who share the Company's commitments to safety, ethics and compliance.

On behalf of the Company, the Group participates in industry associations that offer opportunities to share good practices and collaborate on issues of importance. Additionally, the Group works with stakeholders on a range of issues that are relevant to its business and relating to regulatory compliance matters.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Directors' report for the year ended 31 December 2021 (continued)

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going concern basis

In October 2018, the Group announced its intention to close the manufacturing site in the Philippines by 2021 which was extended until April 2022. This is the result of GSK's careful consideration of its manufacturing network strategy to ensure the continuous improvement of its operations, making them more efficient and responsive to the changing business environment. Production was transferred to a combination of other Group manufacturing sites and third party contract manufacturers. As the principal activity of the business ceased following April 2022, the branch's financial statements which are consolidated into these financial statements have been prepared on a basis other than that of a going concern after which the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies. Consequently, these financial statements have been prepared on a basis other than that of a going concern (see note 2(a)).

Independent auditors

Deloitte LLP were re-appointed to act as the Company's auditors pursuant to section 487 of the Companies Act 2006.

Approved by the Board on 28 September 2022 and signed on its behalf by:



.....
Khalid El Ansari
Director

SmithKline Beecham Research Limited
(Registered number: 00229017)

Independent auditor's report to the members of SmithKline Beecham Research Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SmithKline Beecham Research Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24, including a summary of significant accounting policies as set out in note 2.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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.

Emphasis of matter - Financial statements prepared on other than a going concern basis

We draw attention to Note 2(a) to the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in respect of this matter.

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.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Independent auditor's report to the members of SmithKline Beecham Research Limited
(continued)

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. These included General Data Protection requirements, Anti-bribery and corruption policy.

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

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 testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Independent auditor's report to the members of SmithKline Beecham Research Limited
(continued)

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

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 and in-house legal counsel 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.

The Company has passed a resolution in accordance with section 506 of the Companies Act that the senior statutory auditor's name should not be stated.



Deloitte LLP
Statutory Auditor
London, United Kingdom
28 September 2022

SmithKline Beecham Research Limited
(Registered number: 00229017)

Income statement
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	5,319	10,334
Cost of sales		(4,915)	(10,046)
Gross profit		404	288
Administrative expenses		(31)	(56)
Other operating income/(expenses)		36	(350)
Operating profit /(loss)	5	409	(118)
Finance income	7	4	-
Finance expense	8	(15)	(21)
Profit/(loss) before taxation		398	(139)
Taxation	9	81	(855)
Profit/(loss) for the year		479	(994)

The results disclosed above for both the current year and prior year relate entirely to continuing operations.

The notes on pages 14 to 34 form an integral part of these financial statements.

SmithKline Beecham Research Limited
(Registered number: 00229017)

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

	Notes	2021 £'000	2020 £'000
Profit/(loss) for the year		479	(994)
Items that may be subsequently reclassified to the income statement:			
Fair value movements on equity investments		10	91
Write off of financial assets at FVOCI	12	-	(199)
Deferred tax on fair value movements on equity investments	9	(1)	48
Exchange movements on overseas net assets		(371)	610
Items that will not be reclassified to the income statement:			
Actuarial gains on pension schemes	13	(28)	1,161
Movement on deferred tax relating to pension schemes	9	17	(322)
Other comprehensive (loss) / income for the year		(373)	1,389
Total comprehensive income for the year		106	395

The notes on pages 14 to 34 form an integral part of these financial statements.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Balance sheet
as at 31 December 2021

		2021	2020
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	10	110	537
Right of use assets	11	-	4
Equity investments	12	319	308
Pensions and other post employment benefits	13	1,406	2,024
Total non-current assets		1,835	2,873
Current assets			
Inventories	14	607	1,877
Trade and other receivables	15	16,927	6,137
Corporation tax		255	-
Cash and cash equivalents		8,963	8,544
Assets held for sale	16	-	8,399
Total current assets		26,752	24,957
Total assets		28,587	27,830
Current liabilities			
Trade and other payables	17	(10,043)	(8,523)
Corporation tax		-	(101)
Borrowings	21	(2)	(5)
Total current liabilities		(10,045)	(8,629)
Non-current liabilities			
Deferred tax liabilities	9	(312)	(463)
Provisions for liabilities	18	(1,689)	(2,303)
Total non-current liabilities		(2,001)	(2,766)
Total liabilities		(12,046)	(11,395)
Net current assets		16,707	16,328
Total assets less current liabilities		18,542	19,201
Net assets		16,541	16,435
Equity			
Share capital	19	1,616	1,616
Other reserves	20	92	83
Retained earnings		14,833	14,736
Shareholders' equity		16,541	16,435

The financial statements on pages 10 to 34 were approved by the Board of Directors on 28 September 2022 and signed on its behalf by:



.....
Khalid El Ansari
Director

The notes on pages 14 to 34 form an integral part of these financial statements.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Statement of changes in equity
for the year ended 31 December 2021

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
At 1 January 2020	1,616	143	14,281	16,040
Loss for the financial year	-	-	(994)	(994)
Other comprehensive (loss) / income	-	(60)	1,449	1,389
Total comprehensive (loss) / income for the year	-	(60)	455	395
At 31 December 2020	1,616	83	14,736	16,435
Profit for the financial year	-	-	479	479
Other comprehensive income / (loss)	-	9	(382)	(373)
Total comprehensive income / (loss) for the year	-	9	97	106
At 31 December 2021	1,616	92	14,833	16,541

The notes on pages 14 to 34 form an integral part of these financial statements.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

1 Presentation of the financial statements

General information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom (England and Wales). The address of the registered office is Building 5, First Floor The Heights, Weybridge, Surrey, KT13 0NY, England.

The principal activities of the Company are the manufacture and supply of pharmaceutical and consumer health-care products to Group companies in the Philippines. In October 2018, the Group announced its intention to close the manufacturing site in the Philippines by 2021 following which the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies. A single campaign which was ran in Q1 2022 for selected Stock Keeping Units ("SKUs") which was approved in June 2021, this was to mitigate a prolonged out of stock situation due to delays in the readiness of the receiving sites brought about by pandemic related restrictions. Hence, the operation of the branch was extended until April 2022. The directors now expect the principal activity of the Company will be the holding of inter company balances.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements are prepared on the basis other than going concern as the Directors are intending to close the manufacturing site of the Philippines branch, which are prepared on an alternative authoritative basis for the year ended 31 December 2021. In preparing the Branch's financial statements, Management has made its best estimate and judgement with regard to the measurement of its assets at net realisable value and liabilities at settlement amount, and the completeness of provisions for all known liabilities based on the best available facts and circumstances.

The financial statements are presented in Pounds Sterling rounded to nearest £'000.

Going concern basis

In October 2018, the Group announced its intention to close the manufacturing site in the Philippines by 2021 which was extended until April 2022. This is the result of GSK's careful consideration of its manufacturing network strategy to ensure the continuous improvement of its operations, making them more efficient and responsive to the changing business environment. Production was transferred to a combination of other Group manufacturing sites and third party contract manufacturers. As the principal activity of the business ceased following April 2022, the branch's financial statements which are consolidated into these financial statements have been prepared on a basis other than that of a going concern after which the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies. Consequently, these financial statements have been prepared on a basis other than that of a going concern.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101 to requirements set by the International Financial Reporting Standards (IFRS). Therefore, these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business combinations';
- The requirements of paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7, 'Financial instruments: disclosures';
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
 - (iv) paragraph 76 and 79(d) of IAS 40, 'Investment property'; and
 - (v) paragraph 50 of IAS 41, 'Agriculture'.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (Statement of cash flows),
 - 10(f) (a Balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (Statement of compliance with all IFRS),
 - 38A (requirements for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third Balance sheet),
 - 111 (Cash flow statement information), and
 - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'.

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

- Interest Rate Benchmark Reform - Phase2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
and
- Amendments to IFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021

These amendments had no impact on the financial statements of the Company.

The financial statements of GSK plc can be obtained as described in note 2(b).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Ultimate and immediate parent company

The Company is a subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006. Haleon plc, a company registered in United Kingdom (England), is the Company's controlling party. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company, are the consolidated financial statements of GSK plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS. The immediate parent undertaking is GSK Consumer Healthcare Holdings (No.7) Limited. The registered address of this undertaking is Building 5, First Floor The Heights, Weybridge, Surrey, KT13 0NY, England. These financial statements are separate financial statements.

(c) Foreign currency transactions

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the Balance Sheet date. Exchange differences are included in the income statement. The functional and presentation currency of the Company is Pounds Sterling.

On consolidation, assets and liabilities of the overseas branch are translated into Sterling at rates of exchange ruling at the Balance Sheet date. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves. The Company retranslated its overseas branch results using the following rates (i) average rate of £1: PHP67.78 (2020: PHP64.08) and (ii) year end rate of £1: PHP68.67 (2020: PHP65.57).

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(d) Turnover

The Company recognises turnover for supply of goods and services to other Group companies against orders received. The majority of contracts that the Company enters into relate to sales orders containing single performance obligations for the delivery of consumer healthcare products. The average duration of a sales order is less than 12 months.

Turnover is recognised when control of the goods or services is passed to the customers. For manufacturing arrangements where goods are sold by the Company to other Group companies, turnover is recognised when control of the goods is passed to the customer. The point at which the control passes is determined by each customer arrangement. Turnover represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Turnover is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative turnover recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, turnover is adjusted accordingly. Value added tax and other sales taxes are excluded from turnover.

For manufacturing arrangements where the Company provides manufacturing services to other Group companies, turnover is recognised over time as the services are provided and corresponding costs incurred. Turnover represents the recharge of manufacturing costs to other Group companies with an agreed mark-up, excluding value added tax and other sales taxes.

(e) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising and promotion expenditure is charged to the income statement as incurred.

(f) Finance expense

Finance expenses are recognised on an accruals basis using the effective interest method.

(g) Retirement benefits

The Philippines branch operates a defined contribution pension scheme, the assets of which are held separately in a trustee administered fund. Contributions to the fund are charged to the income statement as incurred.

The Philippines branch also operates a non-contributory defined benefit scheme based on final pensionable pay and total years of service. The scheme assets are held separately in a trustee administered fund. The costs of providing pensions under the defined benefit scheme are calculated using the projected unit credit method and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries. Present obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds. Pension scheme assets are measured at fair value at the balance sheet date. Actuarial gains and losses, differences between the expected and actual returns of assets and the effect of changes in actuarial assumptions are recognised in the statement of comprehensive income in the year in which they arise.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment is stated at the cost of purchase or construction less residual value and provisions for depreciation and impairment. Financing costs are capitalised within the cost of qualifying assets in construction.

Depreciation is calculated to write off the cost of property, plant and equipment, excluding freehold land, using the straight-line basis over their expected useful lives. The normal expected useful lives of the major categories of property, plant and equipment are:

Freehold buildings	20 to 50 years
Plant, equipment and vehicles	3 to 20 years

Assets under construction are not depreciated.

On disposal of the property, plant and equipment, the cost and related accumulated depreciation and impairment are removed from the financial statements and the net amount, less any proceeds, is taken to the income statement.

(i) Financial assets

Financial assets are measured at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

(j) Other investments

Other investments comprise equity investments. The Company has elected to designate equity investments as measured at FVTOCI. They are initially recorded at fair value plus transaction costs and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses are recognised in other comprehensive income. On disposal of the equity investment, gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

Dividends on equity investments and distributions from funds are recognised in the income statement when the Company's right to receive payment is established.

Purchases and sales of Other investments are accounted for on the trade date.

(k) Impairment of financial assets

Expected credit losses are recognised in the income statement on financial assets measured at amortised cost and at fair value through other comprehensive income apart from equity investments.

For financial assets other than trade receivables a 12-month expected credit loss ('ECL') allowance is recorded on initial recognition. If there is evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(l) Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

(m) Impairment of non-current assets

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the income statement in the year concerned.

Impairment losses on other non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

(n) Leases

The Company recognises right of use assets under lease arrangements in which it is the lessee. Rights to use assets owned by other parties under lease agreements are capitalised at the inception of the lease and recognised on the balance sheet. The corresponding liability to the lessor is recognised as a lease obligation within short and long-term borrowings. The carrying amount is subsequently increased to reflect interest on the lease liability and reduced by lease payments made. For calculating the discounted lease liability on material leases (leases with annual payments of £2 million or more), the implicit rate in the lease is used. If this is not available, the incremental borrowing rate with a lease specific adjustment is used. If neither of these is available, and for leases with immaterial annual payments, the incremental borrowing rate is used. The incremental borrowing rate is calculated at the rate of interest at which the Group would have been able to borrow for a similar term and with a similar security the funds necessary to obtain a similar asset in a similar market.

Finance expenses are charged to the income statement so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Variable rents are not part of the lease liability and the right of use asset. These payments are charged to the income statement as incurred. Short-term and low value leases are not capitalised and lease rentals are also charged to the income statement as incurred (see note 5).

Non-lease components are accounted for separately from the lease components in plant and equipment leases but are not separately accounted for in land and buildings or vehicle leases.

If modifications or reassessments occur, the lease liability and right of use asset are re-measured.

Right of use assets where title is expected to pass to the Company at a point in the future are depreciated on a basis consistent with similar owned assets. In other cases, right of use assets are depreciated over the shorter of the useful life of the asset or the lease term (see note 11).

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(o) Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads, where appropriate) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is generally determined on a first in, first out basis. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product. Before that point a provision is made against the carrying value to its recoverable amount; the provision is then reversed at the point when a high probability of regulatory approval is determined.

(p) Trade and other receivables

Trade and other receivables are carried at original invoice amount less allowance for expected credit losses. Expected credit losses are calculated in accordance with the approaches permitted by IFRS 9. For trade receivables, the simplified approach is used by using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the nature of the business unit and the location and type of customer.

For other receivables, the general approach is used where the entity recognises the losses that are expected to result from all possible default events over the expected life of the receivable, when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the receivable has not increased significantly since initial recognition, the entity measures the expected loss allowance based on losses that are expected to result from default events that are possible within 12 months after the reporting date. When a trade and other receivable is determined to be uncollectable it is written off, firstly against any expected credit loss allowance available and then to the income statement.

Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method. Long-term payables are discounted where the effect is material.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(s) Taxation

Current tax is provided at the amounts expected to be paid or refunded applying the rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(t) Provisions for liabilities

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(u) Share capital

Ordinary shares are classified as equity.

(v) Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

(w) Assets held for sale

Non-current assets and disposal groups are transferred to assets held for sale when it is expected that their carrying amounts will be recovered principally through disposal and a sale is considered highly probable. They are held at the lower of carrying amount and fair value less costs to sell.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates.

The Directors do not consider that there are any critical accounting judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Pensions and other post-employment benefits

The costs of providing pensions and other post-employment benefits are charged to the income statement in accordance with IAS 19 'Employee benefits' over the period during which benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management. These assumptions include future earnings and pension increases, discount rates, expected long-term rates of return on assets and mortality rates, and are disclosed in note 12. Where a surplus on a defined benefit scheme arises, or there is potential for a surplus to arise from committed future contributions, the rights of the Trustees to prevent the Company from obtaining a refund of that surplus in the future are considered in determining whether it is necessary to restrict the amount of the surplus that is recognised.

Discount rates are derived from AA rated corporate bond yields.

(b) Provisions

The Company provides for anticipated costs of the closure of the branch where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the expenses arising from claims against the Company. These estimates take into account the specific circumstances of each transaction, are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

(c) Investment in club shares as financial assets

Equity instruments of another entity are considered as financial assets of the investor/holder.

The Company's investment in club shares are classified as proprietary, which entitles the Company to a residual interest in the net assets upon liquidation. This justifies that such instrument is an equity instrument, and thereby qualifies as a financial asset.

4 Turnover

The Company's turnover was derived from the Pharmaceutical and Consumer Healthcare business with customers located in the Philippines.

Analysis of turnover by category:

	2021 £'000	2020 £'000
Pharmaceuticals	2,230	4,879
Consumer Healthcare	3,089	5,455
	5,319	10,334

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

5 Operating profit/(loss)

	2021	2020
	£'000	£'000
The following items have been (credited)/charged in operating profit/(loss):		
Depreciation of property, plant and equipment (note 9)	408	4,532
Depreciation of right of use assets (note 10)	4	62
Exchange (gain)/loss on foreign currency transactions	(239)	259
Short term and low value leases:		
Plant, equipment and vehicles	-	127
Inventories:		
Cost of inventories included in cost of sales	3,518	8,318
Management fee	40	39

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services which are recharged at cost plus an appropriate arm's length mark up where relevant. Included in the management fee is a charge for auditor's remuneration of £21,500 (2020: £20,500).

6 Employees

	2021	2020
	£'000	£'000
Employee costs		
Wages and salaries	1,139	1,671
Social security costs	27	55
Other Pension costs	63	433
	1,229	2,159

The average monthly number of persons employed by the Company (including Directors during the year)

	2021	2020
	number	number
Manufacturing	51	100

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

7 Finance income

	2021	2020
	£'000	£'000
Bank Interest	4	-

8 Finance expense

	2021	2020
	£'000	£'000
On loans with Group undertakings	15	19
Interest expense arising on lease liabilities	-	2
	15	21

9 Taxation

	2021	2020
	£'000	£'000
Income tax charge on profit/(loss)		
Current tax:		
UK corporation tax	(9)	(11)
Overseas tax	85	543
Total current tax	76	532
Deferred tax:		
Origination and reversal of timing differences	(157)	323
Total deferred tax (credit)/charge	(157)	323
Total tax (credit)/charge for the year	(81)	855

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%). The differences are explained below:

	2021	2020
	£'000	£'000
Reconciliation of total tax (credit)/charge		
Profit/(loss) before tax	398	(139)
Tax at the UK standard rate 19.00% (2020: 19.00%)	76	(26)
Effects of:		
Expenses not deductible for tax purposes	5	765
Overseas tax	27	(5)
Income not taxable	(1)	(268)
Effect of change in tax rate	(106)	-
Change in unrecognised deferred tax asset	(82)	389
Total tax (credit)/charge for the year	(81)	855

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

9 Taxation (continued)

Factors that may affect future tax charges:

On 23 September 2022, an emergency Budget was held in the UK where it was confirmed that the Government will cancel the planned increase in the corporation tax rate from 19% to 25% that was due from 1 April 2023. The 19% rate will be confirmed in the upcoming Finance Bill, and are not substantively enacted at the balance sheet date. However, there is no impact of this change on the tax charge in the current year as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in either the current or prior year. The deferred taxation recognised in the statement of comprehensive income relates to the activities of the Company's branch in Philippines.

	2021	2020
	£'000	£'000
Tax credit/(charge) included in other comprehensive income		
Deferred tax:		
Fair value movements on available-for-sale financial assets	(1)	48
Defined benefit plans	17	(322)
Total tax included in other comprehensive income	16	(274)

Movement in deferred tax assets and liabilities:

	Pensions and other post retirement benefits £'000	Other net temporary differences £'000	Total £'000
At 1 January 2021	(457)	(6)	(463)
Exchange adjustments	-	(22)	(22)
(Charge)/credit to income statement	286	(129)	157
(Charge)/credit to other comprehensive income	17	(1)	16
At 31 December 2021	(154)	(158)	(312)

After offsetting deferred tax assets and liabilities where appropriate, the net deferred-tax liability comprises:

	2021	2020
	£'000	£'000
Deferred tax liabilities classified as non-current liabilities	(312)	(463)

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

10 Property, plant and equipment

	Land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2021	2,915	14,664	17,579
Exchange movement	(112)	(501)	(613)
At 31 December 2021	2,803	14,163	16,966
Accumulated depreciation			
At 1 January 2021	(2,679)	(14,363)	(17,042)
Charge for the year	(205)	(203)	(408)
Exchange movement	105	489	595
At 31 December 2021	(2,779)	(14,077)	(16,855)
Net book value at 1 January 2021	236	301	537
Net book value at 31 December 2021	24	86	110

11 Right of use assets

	Plant and equipment £'000	Total £'000
Net book value at 1 January 2021	4	4
Depreciation	(4)	(4)
Net book value at 31 December 2021	-	-

The total cash outflow for leases amounted to £4,817 (2020: £5,095).

There were no significant lease commitments for leases not commenced at year-end.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

12 Equity investments

	Total £'000
Cost	
At 1 January 2020	237
Exchange adjustments	6
At 31 December 2020	243
Exchange adjustments	(57)
At 31 December 2021	186
Revaluation reserve	
At 1 January 2020	173
Movement in the year	91
Write off	(199)
At 31 December 2020	65
Movement in the year	68
At 31 December 2021	133
Carrying value at 1 January 2020	410
Carrying value at 31 December 2020	308
Carrying value at 31 December 2021	319

Equity investments comprise entirely of listed investments of £319,000 (2020: £308,000). Investments with Philippine Long Distance Telephone Company were written off for an amount of £nil (2020: £199k) as the investment is irrecoverable.

13 Pensions

The Philippines branch operates a defined contribution scheme. The assets of the scheme are held separately in a trustee administered fund. Contributions to the fund are charged to the income statement in the year to which the contributions relate. The charge for the year was £160 (2020: £209).

The Philippines branch also operates a non-contributory defined benefit scheme based on final pensionable pay and total years of service. The scheme assets are held separately in a trustee administered fund. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over the employees' working lives with the Company. The contributions are determined by an independent qualified actuary on the basis of valuations using the projected unit method. The most recent valuation was at 31 December 2021. The main assumptions used in this valuation were that the rate of return on investments would be 1.27% per annum and the rate of increase in salaries would be 5.00% per annum.

The net amount recognised in the income statement in respect of the defined benefit plan was (£33,502) (2020: (£41,902)).

The Company accounts for pension arrangements in accordance with IAS 19 'Employee Benefits'. Certain disclosures are required on the basis of the valuation methodology adopted by IAS 19 'Employee Benefits'. For defined benefit schemes the fair values of pension scheme assets at 31 December 2021 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

13 Pensions (continued)

Principal financial assumptions

	2021	2020
	% pa	% pa
Rate of increase of future earnings	4.0	4.0
Discount rate	1.3	1.7
Inflation rate	5.0	4.8

Mortality assumptions

The mortality assumptions are based on "2017 Philippine intercompany mortality table" published by the Actuarial Society of the Philippines.

Economic Assumptions

	2021	2020
a. Discount Rate	1.27%	1.72%
b. Salary Increase Rate	5.00%	4.80%

Demographic Assumptions

	2021	2020
a. Mortality Table	2017 PIC 2013 SSS Total	2017 PIC 2013 SSS Total
b. Disability Table	Disability Table	Disability Table
c. Turnover Table	None	None

The expected long-term rates of return on the assets determined based on actuarial advice and the fair values of the assets and liabilities of the defined benefit schemes are as follows:

	Expected Rate of Return %	2021 £'000	2020 £'000	Expected Rate of Return %
Cash in Bank	0%	1	2	0%
Investments	5.3%	1,406	2,023	5.3%
Land	4%	-	-	4%
Fair value of assets		1,407	2,025	
Present value of scheme obligations		(1)	(1)	
Surplus in the scheme		1,406	2,024	

The actual gain on scheme assets was £4,958 (2020: £1,202,372).

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

13 Pensions (continued)

The following amounts were recorded in the income statement and the statement of other comprehensive income:

Amounts charged to operating (loss) / profit	2021 £'000	2020 £'000
Current service cost	-	-
Amounts credited / (charged) to net interest	2021 £'000	2020 £'000
Expected return on pension scheme assets	34	42
Interest on pension scheme liabilities	-	-
Total	34	42
Amounts recorded in statement of other comprehensive income	2021 £'000	2020 £'000
Actual return less expected return on pension scheme assets	(28)	1,160
Changes in assumptions underlying the present value of scheme liabilities	-	1
Actuarial gains recognised	(28)	1,161
Changes to the present value of the defined obligation are as follows:	2021 £'000	2020 £'000
Obligation in scheme at beginning of the year	1	2
Movement in year:		
Charged to operating profit	-	-
Interest cost	-	-
Actuarial gains recognised in the statement of other comprehensive income	-	(1)
Obligation in scheme at end of the year	1	1

Curtailed costs included in past service costs relate to employees who have availed of the early retirement package offered by the Branch. In the prior year these were recorded in the actuarial loss recognised in the statement of comprehensive income.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

13 Pensions (continued)

Changes to the fair value of plan assets during the year are as follows:	2021	2020
	£'000	£'000
Assets in scheme at beginning of the year	2,025	1,188
Effect on retranslation at year end exchange rates	(85)	53
Movement in year:		
Expected return on plan assets	34	42
Contribution to plan assets	11	-
Termination benefits from plan assets	(480)	(418)
Amount to be reimbursed to the Company for advanced termination payments	(70)	-
Actuarial gains recognised in the statement of other comprehensive income	(28)	1,160
Assets in scheme at end of the year	1,407	2,025

The cumulative actuarial gain recorded in the statement of other comprehensive income amounted to £2,099,000 (2020: gain of £2,128,000).

Sensitivity Analysis on Defined Benefit Obligation	2021	2020
	£'000	£'000
Discount Rate + 1%	2	2
Discount Rate - 1%	2	2
Salary Rate + 1%	2	2
Salary Rate - 1%	2	2
Turnover rate = 0%	2	2

14 Inventories

	2021	2020
	£'000	£'000
Raw materials and consumables	452	1,629
Finished goods	155	248
	607	1,877

15 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts due within one year		
Amounts owed by Group undertakings	16,338	5,007
Other receivables	589	1,130
	16,927	6,137

The amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

16 Assets held for sale

	Total £'000
Cost	
At 1 January 2020	15,090
Exchange adjustments	308
Other movements	(6)
At 31 December 2020	15,392
Exchange adjustments	(499)
Consideration received	(7,900)
At 31 December 2021	6,993
Accumulated Impairment	
At 1 January 2020	(6,993)
Impairment charge for the year	-
At 31 December 2020	(6,993)
Impairment charge for the year	-
At 31 December 2021	(6,993)
Carrying value at 1 January 2020	8,097
Carrying value at 31 December 2020	8,399
Carrying value at 31 December 2021	-

The assets held for sale related to the Company's investment in GlaxoSmithKline Philippines Inc. and was in the process of being sold to Glaxo Group Limited, a fellow Group company.

As at 31 December 2020, the transfer of ownership had not been concluded as local authorities had not issued the relevant legal and taxation documentation confirming the transfer of ownership. On 30 September 2021, the Company received the Certificate Authorizing Registration allowing the transaction to proceed.

17 Trade and other payables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade payables	675	1,055
Amounts owed to Group undertakings	8,799	5,532
Other payables	569	1,936
	10,043	8,523

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand, except for a call account balance with GlaxoSmithKline IHC Limited of £4,664,000 (2020: £4,598,000) respectively which are unsecured and repayable of demand with interest paid at LIBOR rate plus 0.25% per annum up to 01 November 2021. From 01 November 2021, there interest rate changed to SONIA rate plus 0.1% (2020: LIBOR rate plus 0.25%).

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

18 Provisions for liabilities

	Total £'000
At 1 January 2020	(4,594)
Movements in the financial year	2,371
Exchange movement	(80)
At 31 December 2020	(2,303)
At 1 January 2021	(2,303)
Movements in the financial year	614
Exchange movement	-
At 31 December 2021	(1,689)

Provisions for liabilities pertains to decommissioning cost, termination benefits and other employee related cost due to the closure of the Branch in 2022.

19 Share capital

	2021 Number of shares	2020 Number of shares	2021 £'000	2020 £'000
Issued and fully paid				
Ordinary Shares of 25p each (2020: 25p each)	6,462,400	6,462,400	1,616	1,616

20 Other reserves

	Fair value reserve £'000
At 1 January 2020	143
Net fair value movements	91
Write off of financial assets at FVOCI	(199)
Deferred tax impact on charges to reserves	48
At 31 December 2020	83
Net fair value movements	10
Deferred tax impact on charges to reserves	(1)
At 31 December 2021	92

21 Borrowings

	2021 £'000	2020 £'000
Amounts falling due within one year		
Lease liabilities	(2)	(5)
Amounts falling due after more than one year		
Lease liabilities	-	-
	(2)	(5)

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

22 Post balance sheet events

On 18 July 2022, the Haleon Group of companies was established after the separation of the JV Group (the joint venture between GlaxoSmithKline Consumer Healthcare Holdings Limited and PF Consumer Healthcare Holdings LLC) from the GSK Group. On that date, the Group was listed in the UK equity market. Subsequently, the Company became a subsidiary of the ultimate parent company Haleon plc.

The Philippine's Branch shop floor operations ceased in April 2022. Decommissioning of the site was completed in July 2022. This included the dismantling and disposal of equipment through 3P auctioneer, direct buyers and scrap.

23 Directors' remuneration

During the year the Directors of the Company, with the exception of the Corporate Directors, were remunerated as executives of the Group and received no remuneration in respect of their services to the Company (2020: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2020: £nil).

24 Related party transactions

For the period from 1 January 2019 to 31 July 2019, the Company was a wholly owned subsidiary of the ultimate parent company, GSK plc, therefore advantage had been taken of the exemption afforded by FRS 101 'Reduced disclosure framework' not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.

On 1 August 2019, the Group completed a transaction with Pfizer Inc involving its Consumer Healthcare business. As part of this transaction, the Group and Pfizer created a new Consumer Healthcare Joint Venture business over which the Group has control with an equity interest of 68%. The transactions between the Company and Pfizer group of companies not contributed into the GSK Consumer Healthcare Joint Venture are deemed related parties transactions and where applicable, are disclosed below for the period from 1 January 2021 to 31 December 2021 (2020: 1 January 2020 to 31 December 2020).

GlaxoSmithKline Services Unlimited provided services and facilitates to the Company including finance, legal, administrative services and IT support for which a management fee of £40,373 (2020: £39,189) has been charged.

The table below shows the transactions with fellow subsidiaries in the Group for above mentioned periods:

	2021 £'000	2020 £'000
Head office services provided by:		
GlaxoSmithKline Services Unlimited	40	39

SmithKline Beecham Research Limited
(Registered number: 00229017)

Notes to the financial statements for the year ended 31 December 2021

24 Related party transactions (continued)

The table below outlines the amounts from/(due to) related parties at the balance sheet date:

	2021	2020
Name of related party	£'000	£'000
GlaxoSmithKline IHC Limited	(4,664)	(4,598)
Glaxo Group Limited	7,900	(787)
GlaxoSmithKline Philippines Inc.	2,186	(72)
GlaxoSmithKline Services Unlimited	-	(43)
SmithKline Beecham Marketing and Technical Services Limited	-	(8)

25 Subsidiaries

The subsidiaries of the Company as at 31 December 2021 is as follows:

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
Sterling Products International, Incorporated	100%	-	Common	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, United States - 19808