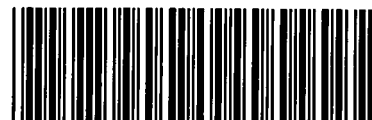


Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Annual report and financial statements
For the year ended 31 December 2022

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Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Contents

	Page(s)
Company information	1
Strategic report	2 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 10
Income statement	11
Statement of other comprehensive income	12
Balance sheet	13 - 14
Statement of changes in equity	15
Notes to the financial statements	16 - 37

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Company Information

Directors	Khalid El Ansari Haleon UK Corporate Secretary Limited (formerly GSK Consumer Healthcare Holdings (No.8) Limited) Haleon UK Corporate Director Limited (formerly GSK Consumer Healthcare Holdings (No.4) Limited)
Company secretary	Haleon UK Corporate Secretary Limited (formerly GSK Consumer Healthcare Holdings (No.8) Limited)
Registered number	00229017
Registered office	Building 5, First Floor, The Heights Weybridge Surrey England KT13 0NY
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ United Kingdom

Strategic Report
For the Year Ended 31 December 2022

The Directors present their report on Haleon UK Research Limited (formerly SmithKline Beecham Research Limited) (the "Company") and the financial statements of the Company for the year ended 31 December 2022.

On 14 October 2022, the Company changed its name from SmithKline Beecham Research Limited to Haleon UK Research Limited.

Principal activities and future developments

The Company is a member of the Haleon plc Group of Companies (the "Group") and was part of GSK plc 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, England, KT13 0NY.

The principal activities of the Company were 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 expect 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") and 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. Decommissioning of the site was completed in Q2 2022 and the Directors now expect the principal activity of the Company will be the holding of intercompany balances.

Review of business

The Company made a profit for the financial year of £1,859k (2021: £479k). The increase in profit for the year was mainly related to one off gains occurring on closure of the manufacturing site. 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 Haleon'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 has now been 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 2.1).

The profit for the financial year of £1,859k will be transferred to reserves (2021: £479k transferred to reserves).

The Company's distributable reserves as at 31 December 2022 were £17,131k (2021: £14,833k).

Principal risks and uncertainties

The Directors of Haleon 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 Company'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 2022 Annual Report which does not form part of this report.

Key performance indicators (KPIs)

The Group is organised into business units based on geographical areas managed by the Directors of the Group. 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 Group's 2022 Annual Report which does not form part of this report.

Strategic Report (continued)
For the Year Ended 31 December 2022

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 Group's long-term priority to deliver better everyday health with humanity. This is underpinned by four strategic pillars; increase household penetration, capitalise on new and emerging opportunities, maintain strong execution and financial discipline, and run a responsible business.

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.


At a Group level, the Board prioritises human capital as a key element in enhancing the positive influence within communities, with the Code of Conduct defining our purpose, culture, and performance commitments to ensure the realization of the company's aspirations while also ensuring fair treatment of shareholders.

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 Haleon plc Group of Companies, 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 Group accounts. Copies of the consolidated financial statements can be obtained from the Company Secretary, Haleon plc, Building 5, First Floor, The Heights, Weybridge, Surrey, England, KT13 0NY or at <https://www.haleon.com/investors/annual-report-2022>.

Streamlined Energy and Carbon Reporting (SECR)

The Company is focused on continually reducing the environmental impact of its products and operations, whilst equally focusing on positive impacts and identifying opportunities. Further detail on the goals set by the Directors of the Group, as well as, emissions and energy use can be found in the Group's 2022 Annual Report and Financial Statements.

Approved by the Board on 7 December 2023 and signed on its behalf by:


.....
Khalid El Ansari
Director

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Directors' Report
For the Year Ended 31 December 2022

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2022.

On 14 October 2022, the Company changed its name from SmithKline Beecham Research Limited to Haleon UK Research Limited.

Results and dividends

The Company's results for the financial year are shown in the income statement on page 12.

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2022 (2021: £nil).

Branch

The Company operates a branch in the Philippines, Haleon UK Research Limited - Philippines (formerly 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. Decommissioning of the site was completed in July 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:

Khalid El Ansari	(appointed on 4 March 2022)
Haleon UK Corporate Secretary Limited	
(formerly GSK Consumer Healthcare Holdings (No.8) Limited)	(appointed on 6 April 2022)
Haleon UK Corporate Director Limited	
(formerly GSK Consumer Healthcare Holdings (No.4) Limited)	(appointed on 6 April 2022)
Parul Garg	(appointed on 4 March 2022, resigned on 30 April 2023)
Edinburgh Pharmaceutical Industries Limited	(resigned on 6 April 2022)
Glaxo Group Limited	(resigned on 6 April 2022)
Eugene Prokopchuk	(resigned on 4 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.

Directors' Report (continued)
For the Year Ended 31 December 2022

Statement of Directors' responsibilities

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

The Companies Act 2006 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 appropriate 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.

Matters covered in the Strategic Report

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);
- 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.

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Directors' Report (continued)
For the Year Ended 31 December 2022

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 auditor is 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 auditor 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

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 Haleon'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 and trading ceased following April 2022, the branch's financial statements which are included in these financial statements have been prepared on a basis other than that of a going concern. Consequently, these financial statements have been prepared on a basis other than that of a going concern (see note 2.1). The future intentions of the branch is an initiation of a 3 year retirement plan, which will result in the liquidation of the branch entity. The Company's principal activity will become the holding of intercompany balances with other group companies. No adjustments have been made to assets or liabilities in the current year.

Approved by the Board on 7 December 2023 and signed on its behalf by:



Khalid El Ansari
Director

Independent auditor's report to the members of Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 other than on a going concern basis

We draw attention to Note 2.1 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.

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

Other information (continued)

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 Statement of Directors' responsibilities, 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 and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

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

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

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, 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 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 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.

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

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

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.

David Hedditch

David Hedditch
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

7 December 2023

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Income Statement
For the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	1,123	5,319
Cost of sales		(1,417)	(4,915)
Gross (loss)/profit		(294)	404
Administrative expenses		(54)	(31)
Other operating income		4,302	36
Operating profit	5	3,954	409
Finance income	7	35	4
Finance expense	8	-	(15)
Profit before taxation		3,989	398
Taxation	9	(2,130)	81
Profit for the year		1,859	479

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

The notes on pages 16 to 37 form an integral part of these financial statements.

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Statement of Other Comprehensive Income
For the Year Ended 31 December 2022

	2022	2021
	£000	£000
Profit for the year	1,859	479
Items that may be subsequently reclassified to the income statement:		
Fair value movements on equity investments (note 11)	(78)	10
Deferred tax on fair value movements on equity investments	-	(1)
Exchange movements on overseas net assets	442	(371)
Items that will not be reclassified to the income statement:		
Actuarial loss on pension schemes (note 12)	(4)	(28)
Movement on deferred tax relating to pension schemes (note 9)	1	17
Other comprehensive income/(loss) for the year	361	(373)
Total comprehensive income for the year	2,220	106

The notes on pages 16 to 37 form an integral part of these financial statements.

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Balance Sheet
As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	10	-	110
Equity investments	11	249	319
Pensions and other post employment benefits	12	641	1,406
Total non-current assets		890	1,835
Current assets			
Inventories	13	-	607
Trade and other receivables	14	8,183	16,927
Corporation tax		312	255
Cash and cash equivalents		10,735	8,963
Total current assets		19,230	26,752
Total assets		20,120	28,587
Current liabilities			
Trade and other payables	15	(1,058)	(10,043)
Borrowings	19	-	(2)
Total current liabilities		(1,058)	(10,045)
Non-current liabilities			
Deferred tax liabilities	9	(301)	(312)
Provisions for liabilities	16	-	(1,689)
Total non-current liabilities		(301)	(2,001)
Total liabilities		(1,359)	(12,046)
Net current assets		18,172	16,707
Total assets less current liabilities		19,062	18,542
Net assets		18,761	16,541

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Balance Sheet (continued)
As at 31 December 2022

Equity

Share capital	17	1,616	1,616
Other reserves	18	14	92
Retained earnings		17,131	14,833
Shareholders' equity		18,761	16,541

The financial statements on pages 11 to 37 were approved by the Board of Directors on 7 December 2023 and signed on its behalf by:



Khalid El Ansari
Director

The notes on pages 16 to 37 form an integral part of these financial statements.

Haleon UK Research Limited (formerly SmithKline Beecham Research Limited)
(Registered number: 00229017)

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Share capital £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2021	1,616	83	14,736	16,435
Profit for the financial year	-	-	479	479
Other comprehensive income/(loss)	-	9	(382)	(373)
Profit and comprehensive income for the year	-	9	97	106
At 1 January 2022	1,616	92	14,833	16,541
Profit for the financial year	-	-	1,859	1,859
Other comprehensive income/(loss)	-	(78)	439	361
Profit and comprehensive (loss)/income for the year	-	(78)	2,298	2,220
At 31 December 2022	1,616	14	17,131	18,761

The notes on pages 16 to 37 form an integral part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2022

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, England, KT13 0NY.

The principal activities of the Company were 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 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 SKUs. 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. Closure of the site was completed in Q2 2022 and the Directors now expect the principal activity of the Company will be the holding of intercompany 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.

2.1 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 have decommissioned the manufacturing site of the Philippines branch. In preparing the 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

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 Haleon'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 and trading ceased following April 2022, the branch's financial statements which are included in these financial statements have been prepared on a basis other than that of a going concern. Consequently, these financial statements have been prepared on a basis other than that of a going concern. The future intentions of the branch is an initiation of a 3 year retirement plan, which will result in the liquidation of the branch entity. The Company's principal activity will become the holding of intercompany balances with other group companies. No adjustments have been made to assets or liabilities in the current year.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.1 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);

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- 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
- 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 2022.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities; and
- IAS 41 Agriculture – Taxation in fair value measurements.

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

The financial statements of Haleon plc can be obtained as described in note 2.2.

Use of estimates

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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.2 Ultimate and immediate parent company

The Company is a subsidiary of the ultimate parent company Haleon plc 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 and Wales), is the Company's ultimate parent undertaking and controlling party. The largest and smallest group of undertakings for which group financial statements are prepared, and are publicly available, and which include the results of the Company, are the consolidated financial statements of Haleon plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, Haleon plc, Building 5, First Floor, The Heights, Weybridge, Surrey, England, KT13 0NY or at <https://www.haleon.com/investors/annualreport-2022>. The immediate parent undertaking is Haleon UK Holdings (No.7) Limited (formerly GSK Consumer Healthcare Holdings (No.7) Limited). The registered address of these undertakings is Building 5, First Floor, The Heights, Weybridge, Surrey, England, KT13 0NY. These financial statements are separate financial statements.

2.3 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: PHP67.08 (2021: PHP67.78) and (ii) year end rate of £1: PHP66.97 (2021: PHP68.67).

2.4 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.

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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.5 Operating income and expenditure

Income and expenditure are recognised in respect of services provided or received when supplied in accordance with contractual terms. An accrual 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.

2.6 Finance income and expense

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

2.7 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 other comprehensive income in the year in which they arise.

2.8 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

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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 Investment in subsidiaries

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

2.13 Impairment of non-current assets

The carrying values of all non-financial assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged to the income statement/statement of comprehensive income 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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.14 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.

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.

2.15 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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.16 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.

2.17 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.

2.18 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.

2.19 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 subsidiaries, associates and joint ventures, 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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.20 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.

2.21 Share capital

Ordinary shares are classified as equity.

2.22 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.

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.

(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.

Notes to the Financial Statements
For the Year Ended 31 December 2022

4. Turnover

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

Analysis of turnover by category:

	2022 £000	2021 £000
Pharmaceuticals	-	2,230
Consumer Healthcare	1,123	3,089
	<u>1,123</u>	<u>5,319</u>

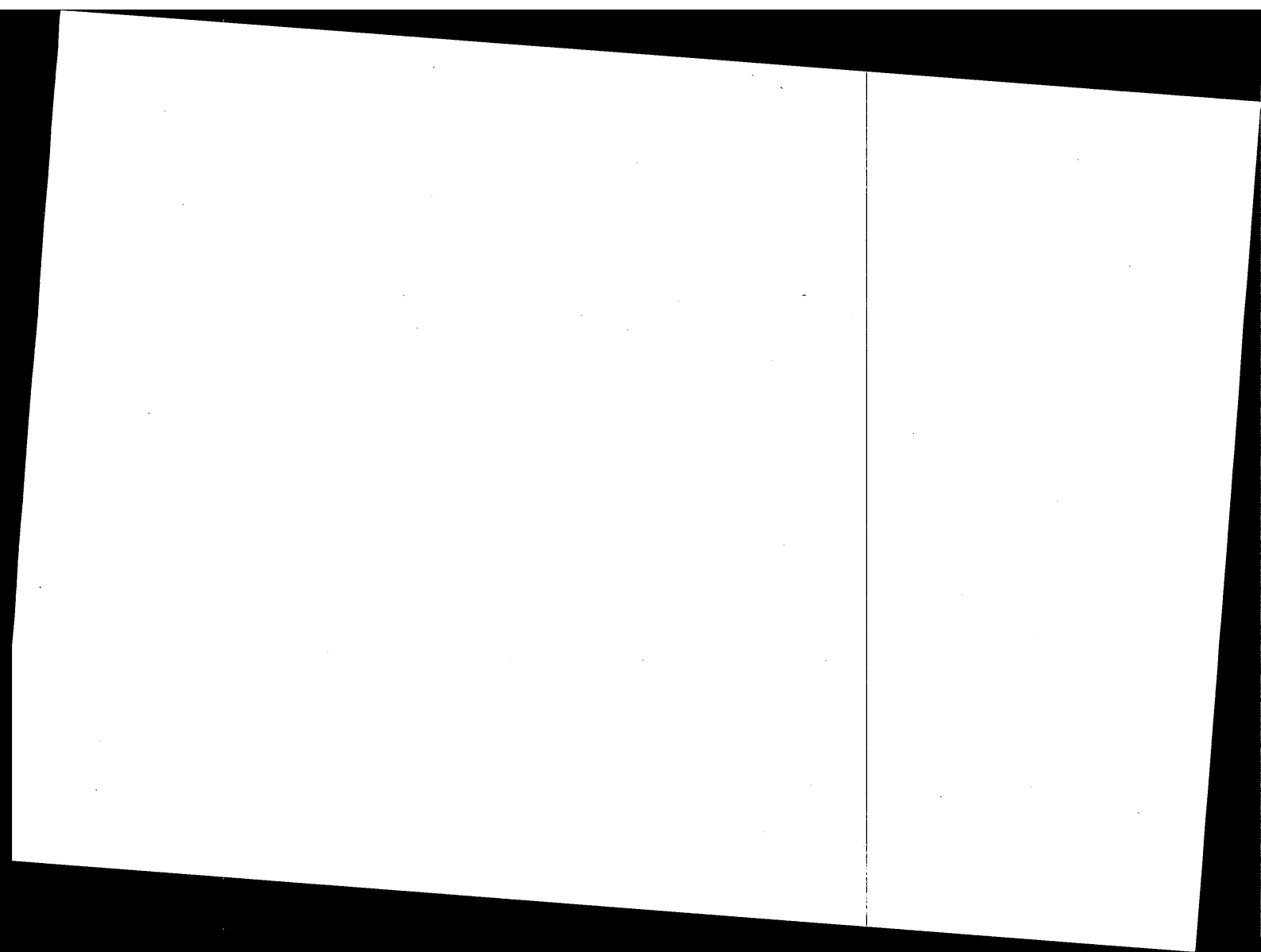
5. Operating profit

The following items have been (credited)/charged in operating profit:

	2022 £000	2021 £000
Depreciation of property, plant and equipment (note 11)	110	408
Depreciation of right of use assets	-	4
Exchange gain on foreign currency transactions	(997)	(239)
Gain on disposals	(2,177)	-
Inventories:		
Cost of inventories included in cost of sales	471	3,518
Management fee	54	40

Haleon UK Services Limited 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 £22,400 (2021: £21,500).

The above balances of Gain on disposals and Exchange gain on foreign currency transactions are part of other operating income.



Notes to the Financial Statements
For the Year Ended 31 December 2022

6. Employees

	2022 £000	2021 £000
Employee costs		
Wages and salaries	385	1,139
Social security costs	8	27
Cost of defined contribution scheme	24	63
	<u>417</u>	<u>1,229</u>

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

	2022 No.	2021 No.
Manufacturing	<u>25</u>	<u>51</u>

7. Finance income

	2022 £000	2021 £000
Amounts owed by Group undertakings	35	-
Bank interest	-	4
	<u>35</u>	<u>4</u>

8. Finance expense

	2022 £000	2021 £000
On loans with Group undertakings	<u>-</u>	<u>15</u>

Notes to the Financial Statements
For the Year Ended 31 December 2022

9. Taxation

	2022 £000	2021 £000
Income tax charge/(credit) on profit		
Current tax:		
UK corporation tax	(3)	(9)
Overseas tax	2,151	85
Total current tax	2,148	76
Deferred tax		
Origination and reversal of timing differences	(18)	(157)
Total deferred tax credit	(18)	(157)
Total tax charge/(credit) for the year	2,130	(81)

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Reconciliation of total tax charge/(credit)		
Profit before tax	3,989	398
Tax at the UK standard rate 19.00% (2021: 19.00%)	758	76
Effects of:		
Expenses not deductible for tax purposes	-	5
Overseas tax	1,981	27
Income not taxable	(356)	(1)
Effect of change in tax rate	-	(106)
Change in unrecognised deferred tax asset	(253)	(82)
Total tax charge/(credit) for the year	2,130	(81)

Notes to the Financial Statements
For the Year Ended 31 December 2022

9. Taxation (continued)

Factors that may affect future tax charges

A UK corporation rate of 25% (effective 1 April 2023) was enacted on 10 June 2021. This may have an impact on the Company's tax charge of future years accordingly. 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.

Tax (charge)/credit included in other comprehensive income	2022 £'000	2021 £'000
Deferred tax:		
Pension (Defined benefit plans)	1	17
Other net temporary difference	-	(1)
Total tax credit included in other comprehensive income	<u>1</u>	<u>16</u>

Movement in deferred tax assets and liabilities	Pensions and post retirement benefits £'000	Other net temporary differences £'000	Total £'000
At 1 January 2021	(457)	(6)	(463)
Exchange adjustments	-	(22)	(22)
Credit/(charge) to income statement	286	(129)	157
Credit/(charge) to other comprehensive income	17	(1)	16
At 31 December 2021	(154)	(158)	(312)
Exchange adjustments	-	(8)	(8)
Credit/(charge) to income statement	172	(154)	18
Credit to other comprehensive income	1	-	1
At 31 December 2022	<u>19</u>	<u>(320)</u>	<u>(301)</u>

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

	2022 £000	2021 £000
Deferred tax liabilities classified as non-current liabilities	<u>(301)</u>	<u>(312)</u>

Notes to the Financial Statements
For the Year Ended 31 December 2022

10. Property, plant and equipment

	Land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost			
At 1 January 2022	2,803	14,163	16,966
Exchange movement	250	(246)	4
Disposals	(3,053)	(13,445)	(16,498)
At 31 December 2022	-	472	472
Accumulated depreciation			
At 1 January 2022	(2,779)	(14,077)	(16,856)
Charge for the year	(24)	(86)	(110)
Disposals	3,053	13,445	16,498
Exchange movement	(250)	246	(4)
At 31 December 2022	-	(472)	(472)
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	24	86	110

Notes to the Financial Statements
For the Year Ended 31 December 2022

11. Equity investments

	Total
Cost	£'000
At 1 January 2021	243
Exchange adjustments	(57)
At 31 December 2021	186
Exchange adjustments	8
At 31 December 2022	194
Revaluation reserve	
At 1 January 2021	65
Movement in the year	68
At 31 December 2021	133
Movement in the year	(78)
At 31 December 2022	55
Net book value	
At 1 January 2021	308
At 31 December 2021	319
At 31 December 2022	249

Equity investments in the current year comprise entirely of listed investments of £249k (2021: £319k).

Notes to the Financial Statements
For the Year Ended 31 December 2022

12. 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 £nil (2021: £160).

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 2022. The main assumptions used in this valuation were that the rate of return on investments would be 0.0% per annum and the rate of increase in salaries would be 0.0% per annum.

The net amount recognised in the income statement in respect of the defined benefit plan was £42k (2021: (£34k)).

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 2022 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

	2022 % pa	2021 % pa
Principal financial assumptions		
Rate of increase of future earnings	0.0	4.0
Discount rate	0.0	1.3
Inflation rate	0.0	5.0

Mortality assumptions

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

	2022	2021
Economic Assumptions		
a. Discount Rate	0%	1.27%
b. Salary Increase Rate	0%	5.00%

Notes to the Financial Statements
For the Year Ended 31 December 2022

12. Pensions (continued)

	2022	2021
Demographic Assumptions		
a. Mortality Table	N/A	2017 PIC 2013 SSS Total
b. Disability Table	N/A	Disability Table
c. Turnover Table	N/A	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 %	2022 £000	2021 £000	Expected rate of return %
Cash in Bank	0%	-	1	0%
Investments	5.3%	641	1,406	5.3%
Land	4%	-	-	4%
Fair value of assets		641	1,407	
Present value of scheme obligations		-	(1)	
Surplus in the scheme		641	1,406	

The actual gain on scheme assets was £13k (2021: £5k).

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

	2022 £000	2021 £000
Amounts charged to operating profit		
Current service cost	1	-

Notes to the Financial Statements
For the Year Ended 31 December 2022

12. Pensions (continued)

	2022 £000	2021 £000
Amounts credited to net interest		
Expected return on pension scheme assets	18	34
Interest on pension scheme liabilities	-	-
Total	18	34
	2022 £000	2021 £000
Amounts recorded in statement of other comprehensive income		
Actual return less expected return on pension scheme assets	(4)	(28)
	2022 £000	2021 £000
Changes to the present value of the defined obligation are as follows:		
Obligation in scheme at beginning of the year	1	1
Current service cost	1	-
Interest cost	1	-
Past service cost	57	-
Transfer out	(60)	-
Obligation in scheme at end of the year	-	1

Curtailment costs included in past service costs relate to employees who have availed of the early retirement package offered by the Branch.

Notes to the Financial Statements
For the Year Ended 31 December 2022

12. Pensions (continued)

	2022 £000	2021 £000
Changes to the fair value of plan assets during the year are as follows:		
Assets in scheme at beginning of the year	1,407	2,025
Effect on retranslation at year end exchange rates	36	(85)
Movement in year:		
Expected return on plan assets	18	34
Contribution to plan assets	-	11
Termination benefits from plan assets	(816)	(480)
Amount to be reimbursed to the Company for advanced termination payments	-	(70)
Actuarial loss recognised in the statement of other comprehensive income	(4)	(28)
Assets in scheme at end of the year	641	1,407

The cumulative actuarial gain recorded in the statement of other comprehensive income amounted to £2,096k (2021: gain of £2,099k).

	2022 £000	2021 £000
Sensitivity Analysis on Defined Benefit Obligation		
Discount Rate + 1%	-	2
Discount Rate - 1%	-	2
Salary Rate + 1%	-	2
Salary Rate - 1%	-	2
Turnover rate = 0%	-	2

13. Inventories

	2022 £000	2021 £000
Raw materials and consumables	-	452
Finished goods	-	155
	-	607

Notes to the Financial Statements
For the Year Ended 31 December 2022

14. Trade and other receivables

	2022 £000	2021 £000
Amounts due within one year		
Amounts owed by Group undertakings	7,736	16,338
Other receivables	447	589
	<u>8,183</u>	<u>16,927</u>

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand, except for an in-house cash account balance with Haleon UK Finance Limited (formerly GlaxoSmithKline Consumer Healthcare Finance Limited) of £6,750k (2021: £nil) which is unsecured and repayable on demand with interest received at SONIA rate less 0.05%.

15. Trade and other payables

	2022 £000	2021 £000
Amounts falling due within one year		
Trade payables	26	675
Amounts owed to Group undertakings	865	8,799
Other payables	167	569
	<u>1,058</u>	<u>10,043</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand, except for a call account balance with GlaxoSmithKline IHC Limited of £nil (2021: £4,664k) which is unsecured and repayable on demand with interest paid at SONIA rate plus 0.1% (2021: LIBOR rate plus 0.25% per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.1%).

Notes to the Financial Statements
For the Year Ended 31 December 2022

16. Provisions for liabilities

	2022 £000
At 1 January 2021	(2,303)
Movements in the financial year	614
At 31 December 2021 and 1 January 2022	(1,689)
Movements in the financial year	1,689
At 31 December 2022	-

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

17. Share capital

	2022 Number of shares	2021 Number of shares	2022 £'000	2021 £000
Issued and fully paid				
Ordinary Shares of 25p each (2021: 25p each)	6,462,400	6,462,400	1,616	1,616

The Company's distributable reserves as at 31 December 2022 were £17,131k (2021: £14,833k).

18. Other reserves

	Fair value reserve £000
At 1 January 2021	83
Net fair value movements	10
Deferred tax impact on charges to reserves	(1)
At 31 December 2021	92
Net fair value movements	(78)
Deferred tax impact on charges to reserves	-
At 31 December 2022	14

Notes to the Financial Statements
For the Year Ended 31 December 2022

19. Borrowings

	2022	2021
	£000	£000
Amounts falling due within one year		
Lease liabilities	-	(2)

20. 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 (2021: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2021: £nil).

21. Related party transactions

As a wholly owned subsidiary of the ultimate parent company, Haleon plc, advantage has 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.

22. Subsidiaries

The subsidiary of the Company as at 31 December 2022 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 251 Little Falls Drive Wilmington DE 19808 United States