

**GlaxoSmithKline UK Limited**  
(Registered Number 4310159)

**Annual Report and Financial Statements**

**For the year ended 31st December 2010**



**Registered office address:**  
980 Great West Road  
Brentford  
Middlesex  
TW8 9GS  
England

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**GlaxoSmithKline UK Limited**

**Annual Report and Financial Statements**

**For the year ended 31st December 2010**

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**GlaxoSmithKline UK Limited**  
**(Registered Number 4310159)**

**Directors' Report for the year ended 31st December 2010**

The Directors submit their report and the audited financial statements for the year ended 31st December 2010

**Principal activities**

The principal activity of GlaxoSmithKline UK Limited (the "Company") is the marketing, distribution and sale of Pharmaceutical and Consumer Healthcare products in the UK. In support of these sales and in addition to its own costs, the Company bears appropriate related expenses recharged by various members of the GlaxoSmithKline Group (the "Group"), including a fee relating to distribution rights. The Directors do not envisage any change to the nature of the business in the foreseeable future.

**Review of business**

On the 22nd July 2009 the Group acquired the Stiefel Laboratories Group ("Stiefel"). From 1st January 2010 to 30th September 2010 the Company sold and distributed Stiefel products on behalf of Stiefel Laboratories (UK) Limited ("Stiefel UK") under an interim trading agreement. On 30th September 2010, Stiefel UK transferred its business and assets to the Company for a consideration of £13.2 million.

The Company made a profit on ordinary activities after taxation of £68.8 million (2009 - profit of £71.9 million). The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The retained profit for the year of £68.8 million will be transferred to reserves (2009 - retained profit for the year of £71.9 million transferred to reserves).

**Principal risks and uncertainties**

The Directors of GlaxoSmithKline plc manage the risks of the Group at a group level, rather than at an individual business unit 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 2010 Annual Report which does not form part of this report.

**Key performance indicators (KPIs)**

The Directors of GlaxoSmithKline plc manage the Group's operations on a business sector 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 Group's 2010 Annual Report which does not form part of this report.

**Results and dividends**

The Company's results for the financial year are shown in the profit and loss account on page 5.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2010 (2009 - £nil).

**Research and development**

The Company is responsible for instigating research and development ("R&D") activities, which are carried out by the Company and other Group undertakings. The income from these activities includes amounts re-charged to other Group undertakings. In addition the Company has entered into a number of in-licensing initiatives that have strengthened the R&D pipeline, particularly in the later stages.

**GlaxoSmithKline UK Limited**  
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**Directors' Report for the year ended 31st December 2010**

**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

Glaxo Group Limited	
Edinburgh Pharmaceutical Industries Limited	
Mr Simon Dingemans	- appointed on 1st April 2011
Mr Julian S Heslop	- resigned on 31st March 2011

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

**Directors' Indemnity**

Each of the Directors benefit from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of his, her or its duties.

**Payment policy**

The Company operates procedures to ensure that suppliers are paid on time. In particular, the Company seeks

- to settle terms of payment with suppliers when agreeing the terms of the transaction,
- to ensure that suppliers are made aware of the agreed terms of payment, and
- to abide by the terms of payment

The procedures include arrangements for accelerated payment of small suppliers

**Payment performance**

Trade creditors at 31st December 2010 represented 43 days of annual purchases for the Company (2009 - 20 days)

**Post balance sheet events**

In April 2011, the Group identified a group of 19 non-core brands, including weight management drug Alli, sleep aid Nytol and analgesics brand Solpadeine, to be divested so it could focus its consumer healthcare business around a portfolio of fast-growing priority brands and the emerging markets

**GlaxoSmithKline UK Limited**  
**(Registered Number 4310159)**

**Directors' Report for the year ended 31st December 2010**

**Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

In preparing those financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements

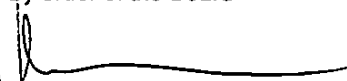
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

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 to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent auditors**

PricewaterhouseCoopers LLP are willing to continue in office as auditors and resolutions dealing with their reappointment will be proposed at a General Meeting of the Company.

By order of the Board



**P Williamson**  
**For and on behalf of Edinburgh Pharmaceutical Industries Limited**  
**Company Secretary**  
**21st September 2011**

## **GlaxoSmithKline UK Limited**

### **Independent Auditors' Report to the members of GlaxoSmithKline UK Limited**

We have audited the financial statements of GlaxoSmithKline UK Limited for the year ended 31st December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs at 31st December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

The Company has passed a resolution in accordance with Section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21st September 2011

**GlaxoSmithKline UK Limited**

**Profit and Loss Account**

**For the year ended 31st December 2010**

	<i>Notes</i>	<b>2010 £'000</b>	<b>2009 £'000</b>
Turnover	2	1,945,824	2,034,730
Cost of sales		(1,206,694)	(1,256,319)
<b>Gross profit</b>		<b>739,130</b>	<b>778,411</b>
Selling and distribution costs		(59,730)	(57,858)
Administrative expenses		(576,877)	(615,132)
Research and development expenditure		(8,288)	(3,636)
<b>Trading profit</b>		<b>94,235</b>	<b>101,785</b>
Other operating income/(expense)	3	2,060	(850)
<b>Operating profit</b>	4	<b>96,295</b>	<b>100,935</b>
Interest receivable and similar income	6	5,720	4,340
Interest payable and similar charges	7	(3,831)	(4,012)
<b>Profit on ordinary activities before taxation</b>		<b>98,184</b>	<b>101,263</b>
Taxation on profit on ordinary activities	8	(29,335)	(29,279)
<b>Profit for the financial year</b>	17	<b>68,849</b>	<b>71,984</b>

The results disclosed above relate entirely to continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account

GlaxoSmithKline UK Limited

Balance Sheet

As at 31st December 2010

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Intangible assets	9	11,183	-
Tangible assets	10	46,151	54,180
		57,334	54,180
<b>Current assets</b>			
Stocks	11	79,602	101,316
Debtors - amounts falling due within one year	12	569,812	685,680
Debtors - amounts falling due after one year	12	3,666	4,300
Cash at bank and in hand		10,809	9,173
		663,889	800,469
<b>Creditors' amounts falling due within one year</b>	13	(357,976)	(556,060)
<b>Net current assets</b>		305,913	244,409
<b>Total assets less current liabilities</b>		363,247	298,589
<b>Creditors' amounts falling due after one year</b>	13	(10,841)	(12,127)
<b>Provisions for liabilities</b>	14	(7,872)	(10,777)
<b>Net assets</b>		344,534	275,685
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	344,534	275,685
<b>Total shareholders' funds</b>	18	344,534	275,685

The accounts on pages 5 to 17 were approved by the Board of Directors on 21st September 2011 and were signed on its behalf by:



P Blackburn

For and on behalf of Glaxo Group Limited - Director



## **GlaxoSmithKline UK Limited**

### **Notes to the Financial Statements for the year ended 31st December 2010**

#### **1 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below

##### **(a) Basis of accounting**

These financial statements have been prepared on the going concern basis under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards

##### **(b) Foreign currency transactions**

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction, or at the forward rate if hedged by a forward exchange contract. Foreign currency monetary assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date, or at the forward rate. Exchange differences are included in operating profit.

##### **(c) Revenue**

Revenue is recognised in the profit and loss account when goods or services are supplied to, or made available for collection by, external customers or other Group subsidiaries against orders received. Turnover represents the net invoice value after the deduction of discounts given at the point of sale, and accruals for estimated future rebates and returns. Value added tax and other sales taxes are excluded from revenue.

##### **(d) Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. 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 expenditure is charged to the profit and loss account as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Restructuring costs are recognised in respect of the direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

##### **(e) Research and development**

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred. Tangible fixed assets used for research and development are depreciated in accordance with Company policy.

##### **(f) Dividends paid and received**

Interim dividends paid and received are included in the profit and loss account in the year in which the related dividend is actually paid or received. Final dividends are recorded in the profit and loss account upon shareholder approval.

##### **(g) Goodwill**

Goodwill is stated at cost less a provision for amortisation. Amortisation is calculated to write off the cost in equal annual instalments over its expected useful life. The useful life is not normally expected to exceed 20 years.

##### **(h) Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less provisions for depreciation or impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as a tangible fixed asset where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset.

Depreciation is calculated to write off the cost of tangible fixed assets, excluding freehold land, in equal annual instalments over their expected useful lives. The normal expected useful lives of the major categories of tangible fixed assets are:

## GlaxoSmithKline UK Limited

### Notes to the Financial Statements for the year ended 31st December 2010

Freehold buildings	20 to 50 years
Leasehold land and buildings	The shorter of lease term and 50 years
Plant and machinery	10 to 20 years
Fixtures and equipment	3 to 10 years
Computer software	3 to 5 years

On disposal of a tangible fixed asset, the cost and related accumulated depreciation are removed from the financial statements and the net amount, less any proceeds, is taken to the profit and loss account

#### (i) Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged against profit in the year concerned.

#### (j) Leases

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of the assets. The interest element of the lease rental is charged against profit.

All other leases are operating leases and the annual rentals are charged against profit on a straight-line basis over the lease term.

#### (k) Stocks

Stocks are included in the financial statements at the lower of cost (including manufacturing overheads, where appropriate) and net realisable value. Cost is generally determined on a first in, first out basis.

#### (l) Taxation

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

The Company accounts for taxation which is deferred or accelerated by reason of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax liabilities and assets are not discounted.

## 2 Segmental information

Analysis of turnover by business sector

	2010 £'000	2009 £'000
Pharmaceuticals	1,041,182	1,148,888
Consumer Healthcare	904,642	885,842
	<b>1,945,824</b>	<b>2,034,730</b>

The Company operates only in one geographical segment, United Kingdom.

All other segmental information is included in the Annual Report of GlaxoSmithKline plc.

**GlaxoSmithKline UK Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**3 Other operating income/(expense)**

	2010 £'000	2009 £'000
Third party royalties and other income/(expense)	2,021	(875)
Royalties and other income from Group undertakings	39	25
	<b>2,060</b>	<b>(850)</b>

**4 Operating profit**

	2010 £'000	2009 £'000
<b>The following items have been charged/(credited) in operating profit</b>		
Depreciation of tangible fixed assets		
Owned assets	11,717	12,033
Leased assets	2,141	1,853
Impairment of tangible fixed assets	1,214	(14)
Exchange (gains)/losses on foreign currency transactions	(26)	131
Operating lease rentals		
Land and buildings	3,030	3,995
Management fee	185,428	220,035
Audit fees		
Auditors' UK firm	367	372
Fees to auditors for other work		
Auditors' UK firm	3	16

All legal costs are accounted for within administrative expenses. This includes litigation costs and provisions relating to legal claims on product withdrawals and anti-trust matters previously accounted for within other operating expense.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. In the current year, GlaxoSmithKline Services Unlimited made a special contribution to the Group pension scheme of £365.2 million (2009 - £332.0 million) which has been allocated to the various UK operating companies in accordance with the management fee arrangement. This allocation resulted in a charge of £45.7 million (2009 - £43.7 million) in the current year which has in turn been recharged to certain other Group entities.

**5 Restructuring costs**

The Group has undertaken an operational excellence programme to improve the effectiveness and productivity of its operations. The costs incurred by the Company under this programme reflect restructuring costs related to the reorganisation and streamlining of Consumer Healthcare and Pharmaceutical business model to adapt to the changing customer environment.

The analysis of costs incurred under this programme in 2010 and 2009 is as follows:

	2010 £'000	2009 £'000
Administrative expenses	(3,908)	(10,966)
	<b>(3,908)</b>	<b>(10,966)</b>

**GlaxoSmithKline UK Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**6 Interest receivable and similar income**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest income on bank deposits	<b>2,961</b>	3,079
On loans with Group undertakings	<b>2,759</b>	1,261
	<b>5,720</b>	4,340

**7 Interest payable and similar charges**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans and overdrafts	<b>(2,960)</b>	(3,040)
On finance leases	<b>(871)</b>	(972)
	<b>(3,831)</b>	(4,012)

**8 Taxation**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Taxation charge based on profits for the year</b>		
UK corporation tax at 28% (2009 28%)	<b>28,765</b>	31,498
Double tax relief	<b>(5)</b>	(5)
Overseas tax	<b>5</b>	5
Over provision in previous years	<b>(116)</b>	(102)
Current tax charge	<b>28,649</b>	31,396
Deferred taxation - current year credit	<b>(231)</b>	(2,115)
Deferred taxation - prior year credit	<b>796</b>	(2)
Change in tax rate - impact on deferred tax	<b>121</b>	-
Deferred taxation	<b>686</b>	(2,117)
<b>Total tax charge</b>	<b>29,335</b>	29,279

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK for the year ended 31st December 2010 of 28% (2009 28%). The differences are explained below

## GlaxoSmithKline UK Limited

### Notes to the Financial Statements for the year ended 31st December 2010

	2010 £'000	2009 £'000
<b>Reconciliation of current taxation charge</b>		
Profit on ordinary activities at the UK statutory rate 28% (2009 28%)	27,492	28,353
Overseas tax	5	5
Double tax relief	(5)	(5)
Other permanent differences	1,042	1,029
Prior year adjustments to current tax	(116)	(102)
Capital allowances in excess of depreciation	1,045	608
Other timing differences	(814)	1,508
<b>Current tax charge for the year</b>	<b>28,649</b>	<b>31,396</b>

On 22nd June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1st April 2011. This tax change became substantively enacted in July 2010 and hence the effect of the change on the deferred tax balances has been included in the figures above.

On 23rd March 2011 the Chancellor announced an additional 1% reduction in the main rate of UK corporation tax to 26% with effect from 1st April 2011. The effect of the change would create an additional adjustment of approximately £121k. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

Further changes to the rate are proposed to reduce the rate by one per cent per annum to 23 per cent by 1st April 2014, but have not yet been substantively enacted and therefore are not included in the figures above.

The overall effect of the further changes from 27 per cent to 23 per cent, if these applied to the deferred tax balance at 31st December 2010, would be to reduce the deferred tax asset by approximately £485k.

The prior period adjustments are in respect of various periods and arise from revision during the year of management's estimates, following agreements with tax authorities and the subsequent amendments to UK group loss utilisation and payment allocation.

## 9 Intangible assets

	Goodwill £'000	Total £'000
<b>Cost</b>		
At 1st January 2010	-	-
Acquisition of business	11,183	11,183
<b>At 31st December 2010</b>	<b>11,183</b>	<b>11,183</b>

The goodwill of £11.2 million arose on the acquisition of the business and assets of Stiefel UK on 30th September for £13.2 million. This is being amortised over 10 years.

**GlaxoSmithKline UK Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**10 Tangible fixed assets**

	Land and buildings £'000	Plant, equipment and vehicles £'000	Computer software £'000	Assets in construction £'000	Total £'000
<b>Cost</b>					
At 1st January 2010	9,232	143,310	8,162	2,397	163,101
Additions	892	32	125	6,119	7,168
Acquisition of business	-	650	2,986	-	3,636
Asset write-off	-	(7,658)	(2,758)	-	(10,416)
Reclassifications	-	1,049	-	(1,049)	-
Intra-group transfer	(892)	-	-	-	(892)
At 31st December 2010	9,232	137,383	8,515	7,467	162,597
<b>Accumulated depreciation</b>					
At 1st January 2010	(4,791)	(97,524)	(5,589)	-	(107,904)
Provision for the year	(765)	(11,911)	(1,182)	-	(13,858)
Acquisition of business	-	(568)	(2,376)	-	(2,944)
Asset write-off	-	7,369	2,148	-	9,517
Intra-group transfer	75	-	-	-	75
At 31st December 2010	(5,481)	(102,634)	(6,999)	-	(115,114)
<b>Impairment</b>					
At 1st January 2010	-	(1,017)	-	-	(1,017)
Impairment loss	-	(649)	(610)	-	(1,259)
Reversal for the year	-	45	-	-	45
Asset write-off	-	289	610	-	899
At 31st December 2010	-	(1,332)	-	-	(1,332)
<b>Total depreciation and impairment at 31st December 2010</b>	<b>(5,481)</b>	<b>(103,966)</b>	<b>(6,999)</b>	<b>-</b>	<b>(116,446)</b>
<b>Net book value at 1st January 2010</b>	<b>4,441</b>	<b>44,769</b>	<b>2,573</b>	<b>2,397</b>	<b>54,180</b>
<b>Net book value at 31st December 2010</b>	<b>3,751</b>	<b>33,417</b>	<b>1,516</b>	<b>7,467</b>	<b>46,151</b>

The net book value at 31st December 2010 of the Company's land and buildings comprises freehold properties £2 0 million (at 1st January 2010 - £1 0 million) and properties with leases of less than 50 years £1 7 million (at 1st January 2010 - £3 4 million)

Included in plant, equipment and vehicles at 31st December 2010 are leased assets with a cost of £16 million (at 1st January 2010 - £16 0 million), accumulated depreciation of £7 2 million (at 1st January 2010 - £5 4 million) and a net book value of £8 8 million (at 1st January 2010 - £10 6 million)

The impairment provision for the year mainly relates to beverage vending and cooling equipment impaired due to high wear and tear in Nutritional business (£0 5 million)

Asset write offs mainly relates to disposal of old vending and cooling machines in Nutritional business (cost £5 3 million)

On 30th September the Company acquired the business and assets of Stiefel UK for £13 2 million including £0 7 million relating to fixed assets

**11 Stocks**

	2010 £'000	2009 £'000
Finished goods	79,602	101,316

The replacement cost of stocks is not materially different from original cost

**GlaxoSmithKline UK Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**12 Debtors**

	2010 £'000	2009 £'000
<b>Amounts due within one year</b>		
Trade debtors	298,269	336,154
Amounts owed by Group undertakings	264,129	340,328
Other debtors	1,135	639
Prepayments and accrued income	6,279	8,559
	<b>569,812</b>	<b>685,680</b>
<b>Amount due after one year</b>		
Other debtors	393	341
Deferred taxation	3,273	3,959
	<b>3,666</b>	<b>4,300</b>
	<b>573,478</b>	<b>689,980</b>

**13 Creditors**

	2010 £'000	2009 £'000
<b>Amounts falling due within one year</b>		
Obligations under finance leases	1,525	1,771
Trade creditors	40,367	27,300
Amounts owed to Group undertakings	167,904	379,717
Taxation	28,760	31,494
Other taxes and social security	19,645	24,258
Other creditors	22,677	8,360
Accruals and deferred income	77,098	83,160
	<b>357,976</b>	<b>556,060</b>
<b>Amounts falling due after one year</b>		
Obligations under finance leases	10,841	12,127
	<b>368,817</b>	<b>568,187</b>

The taxation creditor contains amounts which will be paid to fellow Group companies

**Maturity of financial liabilities**

In one year or less, or on demand	1,525	1,771
In more than one year, but not more than two years	1,748	1,568
In more than two years, but not more than five years	8,640	5,529
In more than five years	453	5,030
	<b>12,366</b>	<b>13,898</b>

GlaxoSmithKline UK Limited

Notes to the Financial Statements for the year ended 31st December 2010

14 Provisions for liabilities

	Total £'000
At 1st January 2010	(10,777)
Charge for the year	(5,940)
Applied	6,813
Reclassifications and other movements	2,032
At 31st December 2010	(7,872)

Provisions for liabilities relate entirely to restructuring costs. Restructuring costs relate to reorganisation and streamlining of Pharmaceutical and Consumer Healthcare business model to adapt to the changing customer environment. These provisions for restructuring costs are expected to be utilised within one year.

15 Deferred taxation asset

	2010 £'000	2009 £'000
Accelerated capital allowance	85	(160)
Other net timing difference	3,188	4,119
	3,273	3,959
<b>Deferred tax asset</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
At 1st January 2010	3,959	1,842
Deferred tax charge in profit and loss account (note 8)	231	-
Adjustments in respect of prior period	(796)	-
Effect of change in tax rate	(121)	2,117
At 31st December 2010	3,273	3,959

16 Called up share capital

	2010 Number of shares	2009 Number of shares	2010 £	2009 £
<b>Authorised</b>				
Ordinary Shares of 100p each	1,000	1,000	1,000	1,000
<b>Issued and fully paid</b>				
Ordinary Shares of 100p each	1	1	1	1

17 Reserves

	Profit and loss account £'000
At 1st January 2010	275,685
Profit for the financial year	68,849
At 31st December 2010	344,534



**GlaxoSmithKline UK Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**18 Reconciliation of movements in shareholders' funds**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<b>68,849</b>	71,984
Net addition to shareholders' funds	<b>68,849</b>	71,984
Opening shareholders' funds	<b>275,685</b>	203,701
Closing shareholders' funds – equity interests	<b>344,534</b>	275,685

**19 Commitments**

<b>At 31 December 2010, the Company had annual commitments under non-cancellable operating leases expiring as follows</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Between one and five years	-	327
After five years	<b>1,588</b>	3,646
	<b>1,588</b>	3,973
<b>Obligations under finance leases</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rental payments due		
In one year or less	<b>1,525</b>	1,771
Between one and five years	<b>10,388</b>	7,097
After five years	<b>453</b>	5,030
	<b>12,366</b>	13,898

**20 Contingent liabilities**

**Group banking arrangement**

The Company, together with fellow Group undertakings has entered into a Group banking arrangement with the Company's principal bankers. The bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the bank of any other party to this agreement. The Company's maximum potential liability as at 31st December 2010 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

## GlaxoSmithKline UK Limited

### Notes to the Financial Statements for the year ended 31st December 2010

#### 21 Employees

All personnel are remunerated by GlaxoSmithKline Services Unlimited and receive no remuneration from the Company. A management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company.

Employee costs	2010 £'000	2009 £'000
Wages and salaries	120,602	146,811
Social security costs	9,486	10,476
Pension and other post retirement costs	118	101
Share based payments	8,308	8,189
	<b>138,514</b>	<b>165,577</b>

<b>The average monthly number of persons employed by the Company (including Directors) during the year</b>	<b>2010</b>	<b>2009</b>
Sales and Marketing	1,721	1,930

GlaxoSmithKline Services Unlimited operates hybrid pension schemes for all of the Group's UK employees. These schemes include defined benefit arrangements where the assets are held independently of the Group's finances and which are funded partly by contributions from members and partly by contributions from GlaxoSmithKline Services Unlimited at rates advised by independent professionally qualified actuaries.

The Company accounts for pension costs in accordance with FRS 17 Retirement Benefits. The management fee for GlaxoSmithKline Services Unlimited for employee services provided to the Company includes an element relating to the pension arrangements for the Group's UK employees calculated as if the arrangements were on a defined contribution basis. The underlying assets and liabilities of the schemes cover a number of UK undertakings and cannot readily be split between each Group undertaking on a consistent and reliable basis.

The management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company which includes an element relating to share based payments as calculated under FRS 20 Share Based Payments.

Full details of the UK pension schemes and employee share schemes can be found in the Annual Report & Financial Statements of GlaxoSmithKline Services Unlimited for the year ended 31st December 2010.

#### 22 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 (2009 - £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2009 - £nil).

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**GlaxoSmithKline UK Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**23 Cash flow statement**

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking, which are publicly available. As a wholly owned subsidiary of the ultimate parent undertaking, advantage has been taken of the exemption afforded by FRS 1 'Cash Flow Statements' (Revised 1996) not to prepare a cash flow statement.

**24 Ultimate parent undertaking**

GlaxoSmithKline plc, a company registered in 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 which include the results of the Company, are the consolidated financial statements of GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from The Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is Glaxo Group Limited.

**25 Post balance sheet events**

In April 2011, the Group identified a group of 19 non-core brands, including weight management drug Alli, sleep aid Nytol and analgesics brand Solpadeine, to be divested so it could focus its consumer healthcare business around a portfolio of fast-growing priority brands and the emerging markets.

**26 Related party transactions**

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by FRS 8 'Related Party Disclosures' not to disclose any related party transactions within the Group. There are no other related party transactions.