

GlaxoSmithKline UK Limited
(Registered number: 4310159)

Directors' report and financial statements

for the year ended 31st December 2011

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GlaxoSmithKline UK Limited

Directors' report and financial statements

for the year ended 31st December 2011

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GlaxoSmithKline UK Limited
(Registered number 4310159)

Directors' report for the year ended 31st December 2011

The Directors submit their report and the audited financial statements for the year ended 31st December 2011

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 November 2011, the Company acquired assets and liabilities from Glaxo Group Limited relating to the Maxinutrition portfolio of brands.

The Company made a profit for the financial year of £54.6 million (2010 profit of £68.8 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 profit for the financial year of £54.6 million will be transferred to reserves (2010 profit for the financial year of £68.8 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 2011 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 2011 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 2011 (2010: £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 2011

Directors and their interests

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 S Dingemans

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.

Creditor 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 2011 represented 51 days of annual purchases for the Company (2010: 43 days)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

GlaxoSmithKline UK Limited
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Directors' report for the year ended 31st December 2011

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.

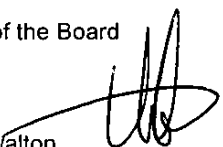
Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken 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


Vaughn Walton
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Company Secretary
20th June 2012

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 2011 which comprise the Profit and loss account, 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 3 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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

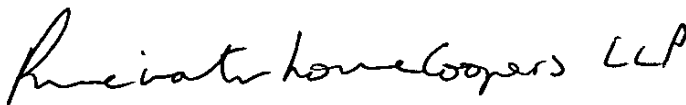
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 and that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20th June 2012

GlaxoSmithKline UK Limited

**Profit and loss account
for the year ended 31st December 2011**

	Notes	2011 £'000	2010 (Restated*) £'000
Turnover	2	1,528,500	1,768,254
Cost of sales		(997,583)	(1,206,694)
Gross profit		530,917	561,560
Selling and distribution costs		(63,440)	(59,730)
Administrative expenses		(387,345)	(399,307)
Research and development expenditure		(6,868)	(8,288)
Other operating income	3	2,038	2,060
Operating profit	4	75,302	96,295
Interest receivable and similar income	6	5,547	5,720
Interest payable and similar charges	7	(3,927)	(3,831)
Profit on ordinary activities before taxation		76,922	98,184
Tax on profit on ordinary activities	8	(22,335)	(29,335)
Profit for the financial year	17	54,587	68,849

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

* See note 2 for explanation of 2010 restatement

GlaxoSmithKline UK Limited

**Balance sheet
as at 31st December 2011**

	Notes	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	9	10,524	11,183
Tangible assets	10	38,194	46,151
		48,718	57,334
Current assets			
Stocks	11	88,208	79,602
Debtors	12	740,718	573,478
Cash at bank and in hand		36,526	10,809
		865,452	663,889
Creditors amounts falling due within one year	13	(491,144)	(357,976)
Net current assets		374,308	305,913
Total assets less current liabilities		423,026	363,247
Creditors amounts falling due after more than one year	13	(9,262)	(10,841)
Provisions for liabilities	14	(14,643)	(7,872)
Net assets		399,121	344,534
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	399,121	344,534
Total shareholders' funds	18	399,121	344,534

The financial statements on pages 5 to 16 were approved by the Board of Directors on 20th June 2012 and were signed on its behalf by


P Blackburn
For and on behalf of Glaxo Group Limited - Director

Notes to the financial statements for the year ended 31st December 2011

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 foreign 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) Turnover

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 turnover.

GSK UK Limited incurs certain promotional expenditure in relation to Consumer Healthcare business, such as fees paid to retailers for prominence of display. In periods prior to 2011, such expenditure was charged to administrative expenses. Management has reviewed the presentation of such expenditure in the current year and has determined that it is more appropriate for this to be deducted from turnover as such promotional expenditure is not wholly independent of the invoiced product price. As a result of the change, the 2010 comparatives have been adjusted, reducing turnover and administrative expenses in 2010 by £177,500,000 with no impact on operating profit.

(d) Other operating income

Royalty income is recognised in other operating income on an accruals basis in accordance with the economic substance of the agreement. Other revenues are recorded as earned (or as the services are performed).

(e) 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.

(f) 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.

(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:

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

Notes to the financial statements for the year ended 31st December 2011

Depreciation on assets in construction does not commence until the asset has been completed and is available for use

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. First year impairment reviews are conducted for acquired goodwill and intangible assets. Certain intangibles are considered to have an indefinite life and are therefore not amortised. Such intangibles are subject to annual impairment tests. Impairment is determined by reference to the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Any provision for impairment is charged to the profit and loss account.

(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 substantively 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 recognised as recoverable and therefore only recognised when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax on the retained earnings of overseas subsidiaries is only provided when there is a binding commitment to distribute past earnings in future periods.

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.

(m) Provisions for liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(n) Pensions

The Company participates in group operated hybrid pension schemes for the benefit of the majority of its employees, the assets of which are held separately from those of the Company in independently administered funds. As the Company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined pension scheme. Contributions are charged to the profit and loss account in the year to which they relate.

2 Segmental information

Analysis of turnover by business sector

	2011 £'000	2010 (Restated*) £'000
Pharmaceuticals	815,868	1,041,182
Consumer Healthcare	712,632	727,072
	1,528,500	1,768,254

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

Analysis of turnover by geographical sector

	2011 £'000	2010 (Restated*) £'000
United Kingdom	1,528,295	1,768,254
Europe	205	-
	1,528,500	1,768,254

For the prior year, certain classes of trade discount were charged to administrative expenses. For the current year, the Directors decided that it would be more appropriate to include these discounts within turnover. This change reduced turnover and administrative expenses in 2010 by £ 177,500,000 with no impact on operating profit.

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

3 Other operating income

	2011 £'000	2010 £'000
Third party royalties and other income	2,028	2,021
Royalties and other income from Group undertakings	10	39
	2,038	2,060

4 Operating profit

	2011 £'000	2010 £'000
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The following items have been charged/(credited) in operating profit

Depreciation of tangible fixed assets		
Owned assets	10,351	11,717
Leased assets	2,129	2,141
Amortisation of goodwill	1,169	-
Impairment of tangible fixed assets	163	1,259
Reversal of impairment	(206)	(45)
Exchange losses/(gains) on foreign currency transactions	88	(26)
Operating lease rentals		
Land and buildings	2,515	3,030
Management fee	189,032	185,428
Audit fees		
Auditors' UK firm	339	367
Fees to auditors for other work		
Auditors' UK firm	3	3

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 £368 million (2010: £365.2 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 £44.9 million (2010: £45.7 million) in the current year which has in turn been recharged to certain other Group entities.

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

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 the Consumer Healthcare and Pharmaceutical business model to adapt to the changing customer environment.

The analysis of costs incurred under this programme in 2011 and 2010 is as follows

	2011 £'000	2010 £'000
Administrative expenses	(13,199)	(3,908)
	(13,199)	(3,908)

6 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest income on bank deposits	3,082	2,961
On loans with Group undertakings	2,465	2,759
	5,547	5,720

7 Interest payable and similar charges

	2011 £'000	2010 £'000
On bank loans and overdrafts	(3,096)	(2,960)
On finance leases	(831)	(871)
	(3,927)	(3,831)

8 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Tax charge based on profits for the financial year		
Current tax		
UK corporation tax at 26.5% (2010: 28%)	24,315	28,765
Double tax relief	(1)	(5)
Overseas tax	1	5
Adjustments to tax charge in respect of previous years	209	(116)
Total current tax	24,524	28,649
Deferred tax		
Origination and reversal of timing differences	(2,326)	(231)
Adjustments in respect of previous years	(106)	796
Change in tax rate - impact on deferred tax	243	121
Total deferred tax	(2,189)	686
Tax on profit on ordinary activities	22,335	29,335

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010 28%). The differences are explained below

	2011 £'000	2010 £'000
Reconciliation of current tax charge		
Profit on ordinary activities at the UK statutory rate 26.5% (2010 28%)	20,379	27,492
Effects of		
Overseas tax	1	5
Double tax relief	(1)	(5)
Other permanent differences	1,329	1,042
Adjustments to tax charge in respect of previous years	209	(116)
Capital allowances in excess of depreciation	768	1,045
Other timing differences	1,839	(814)
Current tax charge for the year	24,524	28,649

The main rate of UK corporation tax reduced from 28% to 26% with effect from 1 April 2011. Legislation to further reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011. These tax changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively, and hence the effect of the changes on the deferred tax balances has been included in the figures above.

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and the effect of the change would create an additional reduction in the deferred tax asset at 31 December 2011 of approximately £218k. This has not been reflected in the figures above as the rate change was not substantively enacted at the balance sheet date.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 22% by 1 April 2014. These changes have not yet been substantively enacted and are not reflected in the figures above. The effect of the further reductions from 24% to 22%, if these applied to the deferred tax balance at 31 December 2011, would be to further reduce the deferred tax asset by approximately £437k.

9 Intangible assets

	Goodwill £'000	Total £'000
Cost		
At 1st January 2011	11,183	11,183
Additions	510	510
At 31st December 2011	11,693	11,693
Accumulated amortisation		
At 1st January 2011	-	-
Charge for the year	(1,169)	(1,169)
At 31st December 2011	(1,169)	(1,169)
Net book value at 1st January 2011	11,183	11,183
Net book value at 31st December 2011	10,524	10,524

The goodwill of £11.7 million arises on the acquisition of Stiefel UK in 2010 and is being amortised over 10 years.

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

10 Tangible assets

	Land and buildings £'000	Plant, equipment and vehicles £'000	Computer software £'000	Assets in construction £'000	Total £'000
Cost					
At 1st January 2011	9,232	137,383	8,515	7,467	162,597
Additions	-	806	489	3,185	4,480
Asset write-off	-	(2,567)	(2,087)	-	(4,654)
Reclassifications	-	7,377	487	(7,864)	-
At 31st December 2011	9,232	142,999	7,404	2,788	162,423
Accumulated depreciation					
At 1st January 2011	(5,481)	(102,634)	(6,999)	-	(115,114)
Provision for the year	(640)	(10,747)	(1,093)	-	(12,480)
Asset write-off	-	2,404	2,087	-	4,491
At 31st December 2011	(6,121)	(110,977)	(6,005)	-	(123,103)
Impairment					
At 1st January 2011	-	(1,332)	-	-	(1,332)
Impairment charge	-	(163)	-	-	(163)
Reversal for the year	-	206	-	-	206
Asset write-off	-	163	-	-	163
At 31st December 2011	-	(1,126)	-	-	(1,126)
Total depreciation and impairment at 31st December 2011	(6,121)	(112,103)	(6,005)	-	(124,229)
Net book value at 1st January 2011	3,751	33,417	1,516	7,467	46,151
Net book value at 31st December 2011	3,111	30,896	1,399	2,788	38,194

The net book value at 31st December 2011 of the Company's land and buildings comprises freehold properties £1 7 million (at 1st January 2011 £2 0 million) and properties with leases of less than 50 years £1 4 million (at 1st January 2011 £1 7 million)

Included in plant, equipment and vehicles at 31st December 2011 are leased assets with a cost of £16 0 million (at 1st January 2011 £16 0 million), accumulated depreciation of £9 0 million (at 1st January 2011 £7 2 million) and a net book value of £7 0 million (at 1st January 2011 £8 8 million)

The impairment charge for the year relates to the adjustment in the carrying value of various equipment within the Consumer Healthcare business (£0 2 million)

The impairment provisions reversed in the year relating to vending and cooling equipment no longer requiring impairment (£0 2 million)

Asset write-offs mainly relate to equipment within the Consumer Healthcare business (cost £2 2 million) and within the Pharmaceutical business (cost £0 3 million) and computer equipment within Pharmaceutical business (cost £2 1 million)

11 Stocks

	2011 £'000	2010 £'000
Finished goods	88,208	79,602

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 2011

12 Debtors

	2011 £'000	2010 £'000
Amounts due within one year		
Trade debtors	263,557	298,269
Amounts owed by Group undertakings	458,214	264,129
Other debtors	1,741	1,135
Prepayments and accrued income	11,144	6,279
	734,656	569,812
Amounts due after more than one year		
Prepayments and accrued income	600	393
Deferred tax	5,462	3,273
	6,062	3,666
	740,718	573,478

13 Creditors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Obligations under finance leases	1,748	1,525
Trade creditors	47,957	40,367
Amounts owed to Group undertakings	306,486	167,904
Tax	24,313	28,760
Other taxes and social security	17,720	19,645
Other creditors	19,207	22,677
Accruals and deferred income	73,713	77,098
	491,144	357,976
Amounts falling due after more than one year		
Obligations under finance leases	9,262	10,841
	500,406	368,817

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	1,748	1,525
In more than one year, but not more than two years	1,844	1,748
In more than two years, but not more than five years	7,418	8,640
In more than five years	-	453
	11,010	12,366

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

14 Provisions for liabilities

	Total £'000
At 1st January 2011	(7,872)
Charge for the year	(13,165)
Utilised	6,394
At 31st December 2011	(14,643)

Provisions for liabilities reflect restructuring costs related to reorganisation and streamlining of the Pharmaceutical and the 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 tax asset

	2011 £'000	2010 £'000
Accelerated capital allowance	904	85
Other net timing difference	4,558	3,188
	5,462	3,273

	Total £'000
Deferred tax asset	
At 1st January 2011	3,273
Charge for the year	2,432
Effect of change in tax rate	(243)
At 31st December 2011	5,462

16 Called up share capital

	2011 Number of shares	2010 Number of shares	2011 £	2010 £
Authorised				
Ordinary Shares of 100p each (2010 100p each)	1,000	1,000	1,000	1,000
Issued and fully paid				
Ordinary Shares of 100p each (2010 100p each)	1	1	1	1

17 Reserves

	Profit and loss account £'000
At 1st January 2011	344,534
Profit for the financial year	54,587
At 31st December 2011	399,121

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

18 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	54,587	68,849
Opening shareholders' funds	344,534	275,685
Closing shareholders' funds	399,121	344,534

19 Commitments

At 31 December 2011, the Company had annual commitments under non-cancellable operating leases expiring as follows	2011 £'000	2010 £'000
After five years	-	1,588
Obligations under finance leases	2011 £'000	2010 £'000
Rental payments due		
In one year or less	1,748	1,525
Between one and five years	9,262	10,388
After five years	-	453
	11,010	12,366

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 2011 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

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	2011 £'000	2010 £'000
Wages and salaries	126,923	120,602
Social security costs	9,045	9,486
Pension and other post retirement costs	109	118
Share based payments	8,173	8,308
	144,250	138,514
The average monthly number of persons employed by the Company (including Directors) during the year	2011	2010
Sales and Marketing	1,574	1,721

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31st December 2011

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 Directors' report and financial statements of GlaxoSmithKline Services Unlimited for the year ended 31st December 2011.

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 (2010 £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2010 £nil).

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 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.