

GlaxoSmithKline UK Limited
(Registered number: 4310159)

Directors' report and financial statements

for the year ended 31 December 2013

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GlaxoSmithKline UK Limited

Directors' report and financial statements

for the year ended 31 December 2013

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GlaxoSmithKline UK Limited
(Registered number: 4310159)

Strategic report for the year ended 31 December 2013

The Directors submit their strategic report for the year ended 31 December 2013.

Review of business

The Company made a profit for the financial year of £55,720,000 (2012: profit of £54,903,000). 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 year of £55,720,000 will be transferred to reserves (2012: profit for the year of £54,903,000 transferred to reserves).

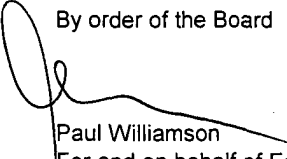
Principal risks and uncertainties

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 2013 Annual Report which does not form part of this report.

Key performance indicators (KPIs)

The Directors of the Group 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 2013 Annual Report which does not form part of this report.

By order of the Board



Paul Williamson
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Company Secretary
10 July 2014

Directors' report for the year ended 31 December 2013

The Directors submit their report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of GlaxoSmithKline UK Limited (the "Company") is a member of GlaxoSmithKline Group (the "Group") 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.

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 6.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31 December 2013 (2012: £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.

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
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 31 December 2013 represented 84 days of annual purchases for the Company (2012: 65 days).

Directors' report for the year ended 31 December 2013

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 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 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.

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.

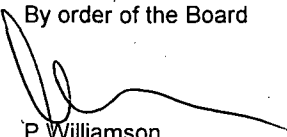
Disclosure of information to auditors

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 and remuneration 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
10 July 2014

GlaxoSmithKline UK Limited

Independent auditors' report to the members of GlaxoSmithKline UK Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by GlaxoSmithKline UK Limited, comprise

- the Balance sheet as at 31 December 2013;
- the Profit and loss account for the year then ended;
- and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and Strategic report for the year ended 31 December 2013 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

GlaxoSmithKline UK Limited

Independent auditors' report to the members of GlaxoSmithKline UK Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.

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
10 July 2014

GlaxoSmithKline UK Limited

**Profit and loss account
for the year ended 31 December 2013**

	Notes	2013 £'000	2012 £'000
Turnover	2	1,507,094	1,471,554
Cost of sales		(1,092,849)	(1,014,642)
Gross profit		414,245	456,912
Selling and distribution costs		(55,658)	(59,381)
Administrative expenses		(294,910)	(319,249)
Research and development expenditure		6,100	(6,820)
Other operating income	3	3,942	815
Operating profit	4	73,719	72,277
Interest receivable and similar income	6	5,241	5,951
Interest payable and similar charges	7	(3,471)	(4,080)
Profit on ordinary activities before taxation		75,489	74,148
Tax on profit on ordinary activities	8	(19,769)	(19,245)
Profit for the financial year	17	55,720	54,903

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

There is no difference in either the current year or prior year between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

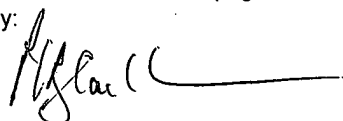
The Company has no recognised gains or losses during either the current year or the prior year other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

GlaxoSmithKline UK Limited

**Balance sheet
as at 31 December 2013**

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	8,186	9,355
Tangible assets	10	38,194	44,729
		46,380	54,084
Current assets			
Stocks	11	94,158	91,304
Debtors	12	1,119,574	750,773
Cash at bank and in hand		32,402	39,869
		1,246,134	881,946
Creditors: amounts falling due within one year	13	(769,671)	(466,722)
Net current assets		476,463	415,224
Total assets less current liabilities		522,843	469,308
Creditors: amounts falling due after more than one year	13	(4,968)	(7,625)
Provisions for liabilities	14	(8,131)	(7,659)
Net assets		509,744	454,024
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	509,744	454,024
Total shareholders' funds	18	509,744	454,024

The financial statements on pages 6 to 17 were approved by the Board of Directors on 10 July 2014 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 31 December 2013

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, throughout the year, 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. The methodology and assumptions used to estimate rebates and returns are monitored regularly in the light of historical information and past experience. Value added tax and other sales taxes are excluded from turnover.

GlaxoSmithKline UK Limited incurs certain promotional expenditure in relation to Consumer Healthcare business, such as fees paid to retailers for prominence of display which are deducted from turnover as such promotional expenditure is not wholly independent of the invoiced product price.

(d) Other operating income

Royalty income is recognised in other operating income on an accruals basis. 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. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising 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. Development expenditure is capitalised when the criteria for recognising an asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable. Tangible fixed assets used for research and development are depreciated in accordance with the 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
"ERP" systems software	7 to 10 years
Computer software	3 to 5 years

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 and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the profit and loss account.

Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies

(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. 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) or 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 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 dividends have been accrued as receivable or 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 based on tax rates that have been enacted or substantively enacted at the balance sheet date. 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. There are no provisions which are discounted.

(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 contribution pension scheme. Contributions are charged to the profit and loss account in the year to which they relate.

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31 December 2013

2 Segmental information

Analysis of turnover by business sector:

	2013 £'000	2012 £'000
Pharmaceuticals	788,811	736,387
Consumer Healthcare	718,283	735,167
	1,507,094	1,471,554

Analysis of turnover by location of customer:

	2013 £'000	2012 £'000
United Kingdom	1,507,094	1,469,687
Europe	-	1,867
	1,507,094	1,471,554

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

3 Other operating income

	2013 £'000	2012 £'000
Third party royalties and other income	3,942	815
	3,942	815

4 Operating profit

	2013 £'000	2012 £'000
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The following items have been charged/(credited) in operating profit:

Depreciation of tangible fixed assets:

Owned assets	8,397	8,502
Leased assets	2,075	2,104
Amortisation of goodwill	1,169	1,169
Impairment of tangible fixed assets	1,753	372
Reversal of impairment	(1,233)	(244)
Exchange (Gain)/loss on foreign currency transactions	(27)	17

Stocks:

Cost of stocks included in cost of sales	1,090,836	485,307
Write-down of stocks	(322)	4,555

Operating lease rentals:

Land and buildings	1,897	2,488
Management fee	136,060	150,716

Audit fees:

Auditors' UK firm	432	363
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All legal costs are accounted for within administrative expenses. This includes litigation costs and provisions relating to legal claims on withdrawn products, 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 £93,132,000 (2012: £366,576,000) which has been allocated to the various UK operating companies in accordance with the management fee arrangement. This allocation resulted in a charge of £nil (2012: £40,879,000) in the current year which has in turn been recharged to certain other Group entities.

Notes to the financial statements for the year ended 31 December 2013

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 2013 and 2012 is as follows:

	2013 £'000	2012 £'000
Administrative expenses	(11,589)	(12,676)

6 Interest receivable and similar income

	2013 £'000	2012 £'000
Interest income on bank deposits	2,959	3,471
On loans with Group undertakings	2,282	2,480
	5,241	5,951

7 Interest payable and similar charges

	2013 £'000	2012 £'000
On bank loans and overdrafts	(2,909)	(3,421)
On finance leases	(562)	(659)
	(3,471)	(4,080)

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31 December 2013

8 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Tax charge based on profits for the financial year		
Current tax:		
UK corporation tax at 23.25% (2012: 24.5%)	18,610	17,627
Double tax relief	(6)	(8)
Overseas tax	6	9
Adjustments to tax charge in respect of previous years	3,417	(805)
Total current tax	22,027	16,823
Deferred tax:		
Origination and reversal of timing differences	257	1,684
Adjustments in respect of previous years	(3,348)	327
Change in tax rate - impact on deferred tax	833	411
Total deferred tax	(2,258)	2,422
Tax on profit on ordinary activities	19,769	19,245

The tax assessed for the year is higher (2012: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2013 of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Reconciliation of current tax charge		
Profit on ordinary activities at the UK statutory rate 23.25% (2012: 24.5%)	17,548	18,164
Effects of:		
Overseas tax	6	9
Double tax relief	(6)	(8)
Other permanent differences	1,360	1,809
Adjustments to tax charge in respect of previous years	3,417	(805)
Capital allowances in excess of depreciation	(408)	(636)
Other timing differences	110	(1,710)
Current tax charge for the year	22,027	16,823

Factors that may effect future tax charges:

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% (2013) which has been substantively enacted at the balance sheet date.

9 Intangible assets

	Goodwill £'000	Total £'000
Cost		
At 1 January 2013	11,693	11,693
At 31 December 2013	11,693	11,693
Accumulated amortisation		
At 1 January 2013	(2,338)	(2,338)
Charge for the year	(1,169)	(1,169)
At 31 December 2013	(3,507)	(3,507)
Net book value at 1 January 2013	9,355	9,355
Net book value at 31 December 2013	8,186	8,186

Goodwill of £11,693,000 arose on the acquisition of Stiefel UK Limited in 2010 and is being amortised over 10 years.

Notes to the financial statements for the year ended 31 December 2013

10 Tangible assets

	Land and buildings £'000	Plant, equipment and vehicles £'000	Assets in construction £'000	Computer software £'000	Total £'000
Cost					
At 1 January 2013	9,264	143,490	11,666	6,184	170,604
Additions	-	52	13,639	164	13,855
Disposals	-	(72,292)	-	-	(72,292)
Reclassifications	541	11,868	(12,409)	-	-
At 31 December 2013	9,805	83,118	12,896	6,348	112,167
Accumulated depreciation					
At 1 January 2013	(6,785)	(112,926)	-	(5,282)	(124,993)
Provision for the year	(677)	(9,148)	-	(646)	(10,471)
Disposals	-	62,893	-	-	62,893
At 31 December 2013	(7,462)	(59,181)	-	(5,928)	(72,571)
Impairment					
At 1 January 2013	-	(882)	-	-	(882)
Impairment loss	-	(1,753)	-	-	(1,753)
Impairment reversal	-	1,233	-	-	1,233
At 31 December 2013	-	(1,402)	-	-	(1,402)
Total depreciation and impairment at 31 December 2013	(7,462)	(60,583)	-	(5,928)	(73,973)
Net book value at 1 January 2013	2,479	29,682	11,666	902	44,729
Net book value at 31 December 2013	2,343	22,535	12,896	420	38,194

The net book value at 31 December 2013 of the Company's land and buildings comprises freehold properties £1,682,000 (at 1 January 2013: £1,457,000) and properties with leases of less than 50 years £661,000 (at 1 January 2013: £1,022,000).

Included in plant, equipment and vehicles at 31 December 2013 are leased assets with a cost of £16,000,000 (at 1 January 2013: £16,000,000), accumulated depreciation of £12,443,000 (at 1 January 2013: £10,729,000) and a net book value of £3,557,000 (at 1 January 2013: £5,271,000).

The impairment loss for the year relates to the adjustment in the carrying value of equipment within the Pharma business (£1,753,000).

11 Stocks

	2013 £'000	2012 £'000
Finished goods	94,158	91,304

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

Notes to the financial statements for the year ended 31 December 2013

12 Debtors

	2013 £'000	2012 £'000
Amounts due within one year		
Trade debtors	270,201	282,371
Amounts owed by Group undertakings	834,044	449,835
Other debtors	3,564	3,001
Prepayments and accrued income	6,028	11,291
	1,113,837	746,498
Amounts due after more than one year		
Prepayments and accrued income	439	1,235
Deferred tax (Note 15)	5,298	3,040
	5,737	4,275
	1,119,574	750,773

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

The corporation tax debtor contains amounts which will be received from fellow Group companies.

13 Creditors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Obligations under finance leases	2,049	1,877
Trade creditors	18,176	46,946
Amounts owed to Group undertakings	596,948	264,872
Corporation tax	20,333	17,619
Other taxes and social security	19,553	21,436
Other creditors	31,900	26,630
Accruals and deferred income	80,712	87,342
	769,671	466,722
Amounts falling due after more than one year		
Obligations under finance leases	4,968	7,625
	774,639	474,347
Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.		
Maturity of financial liabilities		
In one year or less, or on demand	2,048	1,877
In more than one year, but not more than two years	4,715	1,962
In more than two years, but not more than five years	253	5,663
	7,016	9,502

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31 December 2013

14 Provisions for liabilities

	Total £'000
At 1 January 2013	(7,659)
Charge for the year	(9,519)
Utilised	9,047
Reversed/released	-
At 31 December 2013	(8,131)

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

	2013 £'000	2012 £'000
Accelerated capital allowances	3,382	709
Other net timing differences	1,916	2,331
	5,298	3,040
Deferred tax asset		Total £'000
At 1 January 2013		3,040
Charge for the year		2,258
At 31 December 2013		5,298

16 Called up share capital

	2013 Number of shares	2012 Number of shares	2013 £	2012 £
Authorised				
Ordinary Shares of £1 each (2012: £1 each)	1,000	1,000	1,000	1,000
Issued and fully paid				
Ordinary Shares of £1 each (2012: £1 each)	1	1	1	1

17 Reserves

	Profit and loss account £'000
At 1 January 2013	454,024
Profit for the financial year	55,720
At 31 December 2013	509,744

GlaxoSmithKline UK Limited

Notes to the financial statements for the year ended 31 December 2013

18 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	55,720	54,903
Opening shareholders' funds	454,024	399,121
Closing shareholders' funds	509,744	454,024

19 Commitments

The Company had annual commitments under non-cancellable operating leases expiring as follows:	2013 £'000	2012 £'000
Operating leases on land and buildings which expire: In one year or less	1,514	1,930

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 bank. 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 31 December 2013 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

The Company has no 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	2013 £'000	2012 £'000
Wages and salaries	117,962	125,911
Social security costs	9,069	9,406
Pension and other post retirement costs	309	204
Share based payments	8,705	8,565
	136,045	144,086
The average number of persons employed by the Company (including Directors) during the year	2013	2012
Sales and Marketing	1,390	1,544

Notes to the financial statements for the year ended 31 December 2013

21 Employees (Continue)

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 31 December 2013.

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 (2012: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company

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.