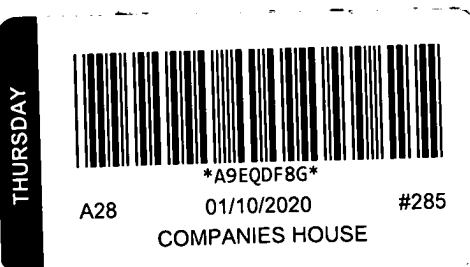


GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Annual report and financial statements
for the year ended 31 December 2019

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



GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Annual report and financial statements
for the year ended 31 December 2019

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GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Strategic report for the year ended 31 December 2019

The Directors present their strategic report on GlaxoSmithKline Consumer Healthcare (UK) Trading Limited (the "Company") for the year ended 31 December 2019.

Principal activities and future developments

The Company is a member of the GlaxoSmithKline plc Group (the "Group"). The Company is a private company limited by shares and is incorporated and domiciled in the UK (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex, TW8 9GS.

The principal activities of the Company include distribution and sale of consumer healthcare products, manufacturing, marketing, providing management services to the consumer healthcare group and providing research and development services to other consumer healthcare companies within the Group. In support of sales and in addition to its own costs, the Company also bears global support costs and other appropriate related expenses recharged by various members of the Group, including a fee relating to distribution rights.

Further, the Company expanded its principal activities to promotion and sale overseas of consumer products purchased from the Group. The Company operates an overseas Representative Office in Dubai, United Arab Emirates and a Scientific Office in Saudi Arabia. The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a profit for the financial year of £25,492,000 (2018: profit for the financial year of £55,334,000). 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 financial year of £25,492,000 will be transferred to reserves (2018: profit for the financial year of £55,334,000 transferred to reserves).

Acquisition

On 27 March 2018, the Group announced that it had reached an agreement with Novartis to buyout its 36.5% stake in the Consumer Healthcare Joint Venture for \$13 billion (£9.7 billion) (the "Novartis transaction"). The Novartis transaction was approved by shareholders on 3 May 2018 and completed on 1 June 2018.

Subsequently on 19 December 2018, the Group has also announced the formation of a new Consumer Healthcare Joint Venture with Pfizer in an all-share transaction (the "Pfizer transaction") and on 1 August 2019 it was announced that the Pfizer transaction was completed. The Group now owns a majority controlling equity interest of 68% and Pfizer owns an equity interest of 32% in the Joint Venture. It was also announced that within 3 years of the closing of the Pfizer transaction, the Group intends to separate the Joint Venture via a demerger of its equity interest and a listing of the GSK Consumer Healthcare Joint Venture on the UK equity market.

The Company was not directly involved in the transactions mentioned above.

Principal risks and uncertainties

The Directors of GlaxoSmithKline plc manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2019 annual report which does not form part of this report.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Strategic report for the year ended 31 December 2019 (continued)

Key performance indicators (KPIs)

The Directors of the Group manage the Group's operations on an operating segment basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2019 annual report which does not form part of this report.

Approach to Brexit

In preparing for the UK's exit from the EU (Brexit), our overriding priority has been to maintain continuity of supply of our products to people in the UK and EU. As a result, we have taken a risk based approach to planning and mitigation, in conjunction and complete alignment with the Group, whilst the negotiations on future relationships between the UK and the European Union is negotiated.

We have significant experience of maintaining resilient supply chains and have used existing processes to develop a new supply model based on the UK leaving the EU. Uncertainty remains about the new operating environment after the transition ends on 31 December 2020, but all preparations are being taken to minimise disruption to the supply of our products to consumers.

Risks associated with the coronavirus outbreak

The potential impact of the coronavirus outbreak on the Company's trading performance remains uncertain. Up to the date of this report, the outbreak has not had a material impact on the trading results of the Company. However, we continue to monitor the situation closely, including the potential impacts on trading results, our supply continuity and our employees. The situation could change at any time and there can be no assurance that the coronavirus outbreak will not have a material adverse impact on the future results of the Company.

Post balance sheet events

The Directors have considered the impact on the Company of the COVID-19 pandemic, which is a non-adjusting post balance sheet event. The Directors do not consider that there have been any material adverse changes to the carrying values of the Company's assets nor material adjustments to liabilities subsequent to the year-end which require disclosure in these financial statements.

As of 2 March 2020 CHUK business in Saudi Arabia was transferred to GlaxoSmithKline Consumer Healthcare Saudi Limited ("CHSL"), a fully owned GSK company. CHUK accounts hold legacy balances related to Saudi business that originated prior to 2 March 2020 (including Trade Discounts, Trade receivables, End-of-Service Benefit Provisions, Fixed Assets and Trade payables) whilst all Saudi business transactions from March 2020 are recorded in CHSL books.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Strategic report for the year ended 31 December 2019 (continued)

Section 172 Companies Act 2006 statement

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

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

The Company has engaged with its main stakeholder groups, including our patients, shareholders, consumers, customers and Group employees, as further detailed in the stakeholder engagement statements in the Directors' Report and the feedback from the engagement has been considered by the Directors during the decision-making process.

On behalf of the Board



Eugene Prokopchuk
Director
28 September 2020

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Directors' report for the year ended 31 December 2019

The Directors present their report on the Company and the audited financial statements of the Company for the year ended 31 December 2019.

Results and dividends

The Company's results for the financial year are shown in the statement of comprehensive income on page 11.

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2019 (2018: £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

The Wellcome Foundation Limited

Terence O'Neill	(resigned on 15 September 2020)
Melanie Foster-Hawes	(resigned on 15 January 2019)
Richard Green	(appointed on 15 January 2019 and resigned on 10 March 2020)
Eugene Prokopchuk	(appointed on 15 February 2019)
Aidan Lynch	(appointed on 25 February 2019)
Antrinkos Andrew Aristidou	(appointed on 19 August 2019 and resigned on 31 July 2020)
Nicholas Cooper	(appointed on 11 September 2019 and resigned on 10 March 2020)
Gueorgui Roussev	(appointed on 31 July 2020)

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

Directors' indemnity

Each of the Directors who is an individual benefits from an indemnity given by another Group undertaking, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of his or her engagement in the business of the Company.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Directors' report for the year ended 31 December 2019 (continued)

Statement of Directors' responsibilities (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The following items have been included in the strategic report on pages 1 to 3:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators (KPIs);
- approach to brexit;
- risks associated with the coronavirus outbreak;
- post balance sheet events; and
- section 172 Companies Act 2006 statement.

Modern Slavery

The Company's approach to the Modern Slavery Act 2015 is set by the Group. Each year, as part of their governance arrangements, the Group formally reviews and approves the approach to the Modern Slavery Act 2015 and has confirmed that the approach is still valid for 2019.

Corporate Governance

As a subsidiary company of the Group which is listed on the New York and London Stock Exchanges, the Company has developed governance practices and processes that are fit for purpose.

The Directors have applied an undocumented system of governance by:

- (a) Promoting the purpose of the Group to deliver manufacturing and distribution of medicines through its subsidiaries' operations.
- (b) Regularly reviewing its composition to ensure that it has an appropriately diverse balance of skills, backgrounds, experience and knowledge and that individual Directors have sufficient capacity to make a valuable contribution.
- (c) To support effective decision-making Directors take into account the System of Internal Control and the Code of Conduct when acting in their capacity as a Director of the Company.
- (d) In accordance with the governance practices and processes that it adopts, the Board is supported by Systems of Internal Control to identify opportunities to create and preserve value.
- (e) Having regard to and fostering good stakeholder relationships.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Directors' report for the year ended 31 December 2019 (continued)

Employees

An extensive programme of open, two-way communications stimulates employee engagement in the Group's strategy and day-to-day operations. This includes the publication of regular summary reports from the Corporate Executive Team meetings, a Chief Executive Officer's home page featuring presentations and a Q&A area, a Group-wide magazine, town hall meetings and video conferences. Live video streaming and video on demand options have been developed as additional means of ensuring employees have access to the most senior levels of management, and as powerful tools for building culture and driving alignment across common goals. The programme also involves consultation with employees on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests and achieving a common awareness of all employees in the financial and economic factors that affect the Company's performance.

Share ownership schemes encourage participation as shareholders in GlaxoSmithKline plc, the ultimate parent company of the Group, increasing awareness of short and long term business objectives. Global and local employee opinion surveys allow employees the opportunity to express their views and perspectives on important company issues.

The Company is committed to employment policies free from discrimination against potential or existing staff on the grounds of age, race, ethnic and national origin, gender, sexual orientation, faith or disability.

In particular the Company is committed to offering people with disabilities access to the full range of recruitment and career opportunities. Every effort is made to retain and support staff who become disabled while working for the Group.

Stakeholder Engagement

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

The Company's activities affect a wide variety of individuals and organisations. The Company engages with these stakeholders and listens to their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making.

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

The Group seeks to engage with customers through social media, focus groups and in-depth interviews with customers to better understand customer's needs and seek their feedback.

Employee Engagement

Employees of the Company are informed of information on matters of concern to them as employees through the employee intranet and local sites, social media channels, town halls, site visits and webinars including topics such as quarterly results, strategy, business updates and diversity.

There are a number of employee share plans in place at Group level. The Group operates ShareSave and ShareReward plans. The Group also operates group-wide discretionary share plans, which allow employee participation at different levels globally and is linked to the Group's performance.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Directors' report for the year ended 31 December 2019 (continued)

Disclosure of information to auditor

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks to customer demand and operational risks to distribution channels. The Directors have taken into account that as part of the GSK Group of companies, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Independent auditor

Deloitte LLP have been appointed to act as the Company's auditors by a resolution of the Board of Directors in accordance with s489(3) Companies Act 2006.

On behalf of the Board



Eugene Prokopchuk
Director
28 September 2020

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Independent auditor's report to the members of GlaxoSmithKline Consumer Healthcare (UK) Trading Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GlaxoSmithKline Consumer Healthcare (UK) Trading Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have reviewed the directors' statement of responsibilities in relation to the financial statements about whether they consider it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company and its subsidiaries, its business model and related risks including where relevant the impact of COVID-19, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Independent auditor's report to the members of GlaxoSmithKline Consumer Healthcare (UK) Trading Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Independent auditor's report to the members of GlaxoSmithKline Consumer Healthcare (UK) Trading Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Deloitte LLP

Deloitte LLP
Statutory Auditor
London, United Kingdom
29 September 2020

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Statement of comprehensive income
for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	4	993,623	982,723
Cost of sales		(576,687)	(527,761)
Gross profit		416,936	454,962
Selling and distribution costs		(192,464)	(221,939)
Administrative expenses		(246,731)	(133,907)
Research and development expenditure		(67,258)	(73,736)
Other operating income		121,854	36,812
Operating profit	5	32,337	62,192
Profit before interest and taxation		32,337	62,192
Finance income	7	575	229
Finance expense	8	(1,062)	(1,207)
Finance expense - net		(487)	(978)
Profit before taxation		31,850	61,214
Taxation	9	(6,358)	(5,880)
Profit for the year		25,492	55,334

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

The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement to present other comprehensive income has been prepared.

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Balance sheet
as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	10	99,453	104,436
Right of use assets	11	15	-
Intangible assets	12	106,653	96,192
Deferred tax assets	9	10,067	4,094
Other non current assets	16	6,646	-
Total non-current assets		222,834	204,722
Current assets			
Inventories	13	29,173	26,509
Trade and other receivables	14	546,766	428,562
Prepayments and accrued income	15	25,992	25,337
Derivative financial instruments	17	-	65
Cash and cash equivalents		6,709	10,775
Total current assets		608,640	491,248
Total assets		831,474	695,970
Current liabilities			
Trade and other payables	18	(290,740)	(307,495)
Corporation tax		(10,258)	(3,729)
Short-term borrowings	19	(15)	(3,039)
Derivative financial instruments	17	(14)	-
Accruals and deferred income	20	(157,869)	(105,149)
Total current liabilities		(458,896)	(419,412)
Net current assets		149,744	71,836
Total assets less current liabilities		372,578	276,558
Non-current liabilities			
Provisions for liabilities	21	(58,362)	(19,974)
Total non-current liabilities		(58,362)	(19,974)
Total liabilities		(517,258)	(439,386)
Net assets		314,216	256,584
Equity			
Share capital	22	-	-
Share premium	23	170,909	167,591
Other reserves	24	(44,170)	(44,170)
Retained earnings		187,477	133,163
Shareholders' equity		314,216	256,584

The financial statements on pages 11 to 32 were approved by the Board of Directors on 28 September 2020 and signed on its behalf by:



Eugene Prokopchuk
Director

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Statement of changes in equity
for the year ended 31 December 2019

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2018		-	167,591	(44,170)	77,829	201,250
Profit and total comprehensive income for the year		-	-	-	55,334	55,334
At 31 December 2018		-	167,591	(44,170)	133,163	256,584
Profit and total comprehensive income for the year		-	-	-	25,492	25,492
Ordinary shares issued	22	-	3,318	-	-	3,318
Share-based incentive plans	6	-	-	-	28,822	28,822
At 31 December 2019		-	170,909	(44,170)	187,477	314,216

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Notes to the financial statements for the year ended 31 December 2019

1 Presentation of the financial statements

General information

The Company is a private company limited by shares and is incorporated and domiciled in the UK (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex, TW8 9GS.

The principal activities of the Company include distribution and sale of consumer healthcare products, manufacturing, marketing, providing management services to the consumer healthcare group and providing research and development services to other consumer healthcare companies within the Group. In support of sales and in addition to its own costs, the Company also bears global support costs and other appropriate related expenses recharged by various members of the Group, including a fee relating to distribution rights.

Further, the Company expanded its principal activities to promotion and sale overseas of consumer products purchased from the Group. The Company operates an overseas Representative Office in Dubai, United Arab Emirates and a Scientific Office in Saudi Arabia.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

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

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks to customer demand and operational risks to distribution channels. The Directors have taken into account that as part of the GSK Group of companies, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure exemptions adopted

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);

GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
(Registered number: 09237643)

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';
- The requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7, 'Financial instruments: disclosures';
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)';
 - (iv) paragraph 76 and 79(d) of IAS 40, 'Investment property'; and
 - (v) paragraph 50 of IAS 41, 'Agriculture'.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirements for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third balance sheet),
 - 111 (cash flow statement information), and
 - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'.

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

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

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent company

The Company is a subsidiary of the ultimate parent company GlaxoSmithKline plc, a company registered in United Kingdom (England), 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 PRISM PCH Limited. These financial statements are separate financial statements.

(c) Implementation of IFRS 16 'Leases'

The Company has applied IFRS 16 'Leases' with effect from 1 January 2019. IFRS 16 introduces new requirements for the definition of a lease, lessee accounting and lessor accounting as well as a number of new disclosures. In general, all leases within the scope of IFRS 16 are required to be brought on to the balance sheet by lessees, recognising a 'right of use' asset and a related lease liability at the commencement of the lease. The subsequent accounting is similar to the finance lease model set out in IAS 17. IFRS 16 establishes a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

The Company has adopted IFRS 16 applying the modified retrospective approach, and accordingly prior year results have not been restated. For larger leases (leases with annual payments of £1 million or more), the right of use asset at 1 January 2019 was calculated based on the original lease inception date and for smaller leases (leases with annual payments of less than £1 million) the right of use asset was set equal to the lease liability at 1 January 2019, adjusted for any prepaid or accrued lease payments, onerous lease provisions and business combination fair value adjustments. Any difference between the previous carrying amount and the revised carrying amount at 1 January 2019 has been recognised as an adjustment to opening retained earnings at 1 January 2019. The Company has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into either before the date of initial application or after. There have been no significant changes as a result for the vast majority of contracts.

The following permitted practical expedients were applied at transition:

- The right of use asset at the date of transition was adjusted by the amount of the existing onerous lease provision at 31 December 2018, without re-assessment.
 - Leases ending within 12 months of the transition date were treated as short-term leases on a lease-by-lease basis.
 - Initial direct costs were excluded from the measurement of the right of use asset at the transition date on a lease-by-lease basis.
 - hindsight was applied, such as in determining the lease term where contracts contained options to extend or terminate the lease.
- The weighted average incremental borrowing rate applied to lease liabilities recognised on 1 January 2019 was 3.13%.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

- (d) Foreign currency transactions
- Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the statement of comprehensive income. The functional and presentation currency of the Company is Pounds Sterling.
- (e) Predecessor accounting
- Acquisitions made by the Company from other subsidiaries within the Group are treated as common control transactions and predecessor accounting is applied. Under predecessor accounting no purchase price allocation is performed. The acquired net assets are recorded at their previous carrying values. The difference between the fair value of the consideration transferred and the net assets acquired is recognised in equity.
- (f) Turnover
- The Company generates its turnover from various principal activities as listed below:

i) Research and development activities

The Company recognises turnover for supply of integrated research and development services for the overall development of consumer healthcare products owned by the other Group Companies. The services are provided for a combined output and are not separable. Therefore, the services form a single performance obligation.

Turnover is recognised overtime as the services are provided and corresponding costs incurred. The services are usually paid and billed on a monthly basis and relevant turnover represents the recharge of research and development costs for the United Kingdom to other Group companies with an agreed mark-up, excluding value added tax and other sales taxes.

Additionally, the Company acts as an agent in relation to the collection and subsequent recharge of worldwide research and development costs from the worldwide research and development centres outside of the United Kingdom to the various worldwide intellectual property owners. The Company does not earn a fee or commission in return for provision of this service. Therefore, no turnover is recorded in the Company in respect of its activities as an agent.

ii) Provision of management services

The company recognises Turnover for supply of integrated management services for combined output of overall management to other group companies. The services provided are not separately identifiable and form a single performance obligation.

Turnover is recognised over time as the services are provided and corresponding costs incurred. The services are usually billed and paid on a monthly basis and service turnover represents the value of services costs recharged at an agreed mark-up, excluding value-added tax and other sales taxes.

iii) Sales and distribution of consumer healthcare products

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

Turnover is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

(f) Turnover (continued)

Product turnover represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Turnover is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative turnover recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, turnover is adjusted accordingly. Value added tax and other sales taxes are excluded from turnover.

iv) Manufacturing of consumer healthcare products

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

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

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

(g) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising and promotion expenditure is charged to the statement of comprehensive income as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Distribution costs on sales to customers are included in selling and distribution costs in the statement of comprehensive income.

Restructuring costs are recognised and provided for, where appropriate, 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.

(h) Research and development

Research and development expenditure is charged to the Statement of comprehensive income 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. Property, plant and equipment used for research and development are capitalised and depreciated in accordance with the Company's policy.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

(i) Finance income and expense

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

(j) Share based payments

The ultimate parent company operates several employee share schemes whereby awards are granted to employees to acquire shares or ADS in GlaxoSmithKline plc. The fair value of the share scheme awards to employees that provide a service to the Company is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

(k) Property, plant and equipment

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

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

Land and buildings	20 to 50 years
Plant, machinery, equipment and vehicles	3 to 20 years

Assets under construction are not depreciated.

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

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

(l) Intangible assets

Intangible assets are stated at cost less a provision for amortisation and impairment.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. ERP systems software is amortised over seven to ten years and other computer software over three to five years.

(m) Financial assets

Financial assets are measured at amortised cost. The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

(n) Investments in subsidiaries

Investments are held at cost less accumulated impairment losses.

(o) Impairment of financial assets

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

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

(p) Impairment of non-current assets

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Additionally, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Any provision for impairment is charged to the statement of comprehensive income in the year concerned.

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

(q) Leases

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

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

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

(q) Leases (continued)

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

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

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

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

(r) Inventories

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

(s) Trade and other receivables

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

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

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

(t) Cash and cash equivalents

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

2 Summary of significant accounting policies (continued)

- (n) Trade and other payables
- Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method.
- (v) Taxation

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

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(w) Provisions for liabilities

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

(x) Derivative financial instruments and hedging

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Company are foreign exchange forward contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial assets and liabilities are classified as held-for trading and are measured at fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

(y) Share capital

Ordinary shares are classified as equity.

(z) Borrowings

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

The Directors do not consider that there are any critical accounting judgements that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements. There have been no significant estimates or assumptions which are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

4 Turnover

Analysis of turnover by geography:

	2019 £'000	2018 £'000
United Kingdom	751,318	750,759
Africa and Middle East	242,305	231,964
	993,623	982,723

Analysis of turnover by category:

	2019 £'000	2018 £'000
Consumer Healthcare	993,623	982,723

All other segmental information is included in the annual report of GlaxoSmithKline plc.

5 Operating profit

	2019 £'000	2018 £'000
The following items have been charged/(credited) in operating profit:		
Depreciation of property, plant and equipment/right of use assets:		
Owned assets	Note 10	
Right of use assets	Note 11	
Amortisation of intangible assets	Note 12	
Impairment of property, plant and equipment	Note 10	
Inventories:		
Cost of inventories included in cost of sales		
Write-down of inventories		
Reversal of prior year write-down of inventories		
Research and development expenditure		
Exchange losses/(gains) on foreign currency transactions		
Joint Venture integration recharges		
Other operating expense/(income)		
Employee costs	Note 6	
Management Fee		
	118	115

During the year, the company incurred integration costs of £154,115,000 relating to the formation of the new Consumer Healthcare Joint Venture with Pfizer. These costs are recorded as Administrative expenses and are fully recovered as an Other Operating income from Group companies. In 2018 the Company undertook an Operational Excellence programme to improve the effectiveness and productivity of its operations. The costs incurred by the Company under this programme reflected restructuring costs of £21,283,000 related to the reorganisation and streamlining of the Consumer Healthcare business model to adapt to the changing customer environment. These costs were recorded within cost of sales, R&D costs and other operating expenses in the statement of comprehensive income.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditor's remuneration of £98,800 (2018: £98,800).

Other operating income in the statement of comprehensive income comprises of Joint Venture integration recharges, exchanges losses on foreign currency transactions and other operating expenses in the table above.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

6 Employees

	2019 £'000	2018 £'000
Employee costs		
Wages and salaries	130,349	112,386
Severance	35,063	-
Social security costs	13,517	12,196
Pension and other post retirement costs	22,126	18,453
Share based payments	11,998	11,798
	213,053	154,833
The average monthly number of persons employed by the Company (including Directors) during the year	2019	2018
Manufacturing	593	625
Selling, general and administration	588	507
Research and development	278	257
	1,459	1,389

The average number of Company employees excludes temporary and contract staff.

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 IAS 19 'Employee 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 includes an element related to share based payments of £11,998k as disclosed. This charge together with the historical share based payments intercompany charges of £16,824k has been disclosed in the Statement of Changes in Equity and calculated under IFRS 2 '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 2019.

7 Finance income

	2019 £'000	2018 £'000
On loans with Group undertakings	575	146
Fair value gain on derivatives	-	83
	575	229

8 Finance expense

	2019 £'000	2018 £'000
On loans with Group undertakings	914	1,189
Fair value loss on derivatives	79	-
Third party interest expense	69	18
	1,062	1,207

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Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Taxation

	2019 £'000	2018 £'000
Income tax charge on profit		
Current tax:		
UK corporation tax	13,072	6,502
Overseas tax	-	4
Adjustments in respect of previous years	(741)	(223)
Total current tax	12,331	6,283
Deferred tax:		
Origination and reversal of timing differences	(6,457)	(499)
Adjustments in respect of previous years	(197)	96
Change in tax rate - impact on deferred tax	681	-
Total deferred tax credit	(5,973)	(403)
Total tax charge for the year	6,358	5,880

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £'000	2018 £'000
Reconciliation of total tax charge		
Profit before taxation	31,850	61,214
Tax on ordinary activities at the UK statutory rate 19.00% (2018: 19.00%)	6,052	11,630
Effects of:		
Fixed asset differences	-	39
Expenses not deductible for tax purposes	572	1,218
Overseas tax	-	4
Income not taxable	(8)	(6,943)
Adjustment to tax charge in respect of previous years	(938)	(127)
Remeasurement of deferred tax - change in tax rate	680	59
Total tax charge for the year	6,358	5,880

Factors that may affect future tax charges:

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £1,184,401.

Movement in deferred tax assets and liabilities

	Accelerated capital allowances £'000	Tax losses £'000	Other net temporary differences £'000	Total £'000
At 1 January 2018	(1,306)	888	4,109	3,691
(Charge) / credit to income statement	1,324	(207)	(714)	403
At 1 January 2019	18	681	3,395	4,094
(Charge) / credit to income statement	(346)	(206)	6,525	5,973
At 31 December 2019	(328)	475	9,920	10,067

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

	2019 £'000	2018 £'000
Deferred tax assets classified as non-current assets	10,067	4,094

Deferred tax assets are recognised where it is probable that future taxable profits will be available to utilise the losses.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Property, plant and equipment

	Land and buildings £'000	Plant, machinery, equipment and vehicles £'000	Assets in construction £'000	Total £'000
Cost				
At 31 December 2018	11,881	86,682	21,505	120,068
Implementation of IFRS 16	(6,810)	(3,690)	-	(10,500)
At 1 January 2019, as adjusted	5,071	82,992	21,505	109,568
Additions	1	1,196	9,950	11,147
Reclassifications	(1,864)	18,569	(19,598)	(2,893)
At 31 December 2019	3,208	102,757	11,857	117,822
Accumulated depreciation				
At 31 December 2018	2,668	(17,387)	-	(14,719)
Implementation of IFRS 16	6,810	1,170	-	7,980
At 1 January 2019, as adjusted	9,478	(16,217)	-	(6,739)
Charge for the year	(882)	(9,235)	-	(10,117)
Reclassifications (Note 12)	84	-	-	84
At 31 December 2019	8,680	(25,452)	-	(16,772)
Accumulated impairment				
At 1 January 2019	-	(913)	-	(913)
Impairment loss	(199)	(164)	(321)	(684)
At 31 December 2019	(199)	(1,077)	(321)	(1,597)
Total depreciation and impairment at 31 December 2019	8,481	(26,529)	(321)	(18,369)
Net book value at 1 January 2019	14,549	68,382	21,505	104,436
Net book value at 31 December 2019	11,689	76,228	11,536	99,453

The net book value at 31 December 2019 of the Company's land and buildings comprises freehold properties of £11,689,000 (2018: £14,549,000).

Included in plant, machinery, equipment and vehicles at 31 December 2018 are leased assets under finance leases with a cost of £10,500,000, accumulated depreciation of £7,980,000, and a net book value of £2,520,000. These leased assets were reclassified to right of use assets upon implementation of IFRS 16 (see note 11).

11 Right of use assets

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Net book value At 1 January 2019	-	2,520	2,520
Additions	-	26	26
Depreciation	-	(2,531)	(2,531)
Net book value At 31 December 2019	-	15	15

Additions to right of use assets during 2019 were £26k. The additions in the year relate to the acquisition of a leased vehicles.

The total cash outflow for leases amounted to £11,654.

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

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Notes to the financial statements for the year ended 31 December 2019 (continued)

12 Intangible assets

	Computer software £'000	Assets in construction £'000	Total £'000
Cost			
At 1 January 2019	141,663	-	141,663
Additions	26,705	499	27,204
Reclassifications	3,392	(499)	2,893
Intra-group transfer	348	-	348
At 31 December 2019	172,108	-	172,108
Accumulated amortisation			
At 1 January 2019	(45,455)	-	(45,455)
Charge for the year	(19,707)	-	(19,707)
Reclassifications	(84)	-	(84)
Intra-group transfer	(193)	-	(193)
At 31 December 2019	(65,439)	-	(65,439)
Accumulated impairment			
At 1 January 2019	(16)	-	(16)
At 31 December 2019	(16)	-	(16)
Total amortisation and impairment at 31 December 2019	(65,455)	-	(65,455)
Net book value at 1 January 2019	96,192	-	96,192
Net book value at 31 December 2019	106,653	-	106,653

Intangible asset amortisation is recorded within cost of sales, selling and distribution costs and administrative expenses in the statement of comprehensive income.

13 Inventories

	2019 £'000	2018 £'000
Raw materials and consumables	3,648	3,352
Finished goods	25,525	23,157
	29,173	26,509

14 Trade and other receivables

	2019 £'000	2018 £'000
Amounts due within one year		
Trade receivables	126,504	129,841
Amounts owed by Group undertakings	403,250	290,799
Other receivables	3,833	7,922
Other taxation and social security	13,179	-
	546,766	428,562

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand except for a call account balance with GlaxoSmithKline Consumer Healthcare Finance Limited of £nil (2018: £10,465,000) which is unsecured with interest received at LIBOR rate less 0.125% (2018: LIBOR rate less 0.125%) per annum and repayable on demand.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

15 Prepayments and accrued income

	2019 £'000	2018 £'000
Amounts due within one year	25,992	25,337

Prepayments and accrued income for the year mainly relate to share awards that are expensed within 12 months and volume related rebates.

16 Other non current assets

	2019 £'000	2018 £'000
Prepayments and accrued income	6,646	-

Other non current assets for the year relate to share awards that are expensed over a period of two years.

17 Derivative financial instruments

The Company had forward foreign exchange contracts with the following fair values at the end of the year:

	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts- fair value hedges	-	(14)	65	-

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding derivative instruments at 31 December 2019 were £1,825,652 (2018: £3,729,870).

These derivative financial instruments are used to mitigate exposure to foreign exchange transactional risks. The derivative financial instruments are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The valuations of derivative financial instruments are based on the present value of net contractual cash flows using market sourced data (exchange rates).

All outstanding contracts have a maturity of 12 months or less.

18 Trade and other payables

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade payables	114,876	83,602
Amounts owed to Group undertakings	121,756	172,091
Other taxation and social security	-	1,503
Other rebates payable	54,108	50,299
	290,740	307,495

The amounts owed to Group undertakings are unsecured, interest free and are repayable on demand except for a call account balances with GlaxoSmithKline Consumer Healthcare Finance Limited and GlaxoSmithKline IHC Limited of £1,239,000 (2018: £nil) and £15,292,000 (2018: £102,865,000) respectively which are unsecured with interest paid at LIBOR rate plus 0.25% (2018: LIBOR rate plus 0.25%) per annum and repayable on demand.

In the current financial year, corporation tax liability has been presented separately on the balance sheet which has resulted in the change of the comparatives on the balance sheet.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

19 Borrowings

	2019 £'000
Amounts falling due within one year	
Lease liabilities	15
Amounts falling due after more than one year	
Lease liabilities	-
	15
Minimum lease payments under non-cancellable operating leases recognised in accordance with IAS 17 Leases as at 31 December 2018:	
	2018 £'000
Not later than one year	3,039
Later than one year and not later than five years	-
Later than five years	-
Total gross payments	3,039
Impact of finance expenses	-
Carrying value of liabilities	3,039

This has not been provided for 2019 as IFRS16 has come into effect and the Company has availed of the exemption from disclosing the same as per paragraph 58 of IFRS 16.

20 Accruals and deferred income

	2019 £'000	2018 £'000
Amounts falling due within one year	157,869	105,149

Accruals and deferred income falling due within one year mainly relate to corporate, commercial and payroll accruals.

21 Provisions for liabilities

	Restructuring provisions £'000
At 1 January 2018	24,172
Charge for the year	7,200
Utilised	(964)
Reversed/released	(10,368)
Other movements	(66)
At 31 December 2018	19,974
Charge for the year	49,848
Utilised	(6,745)
Reversed/released	(4,087)
Other movements	(628)
At 31 December 2019	58,362

Provisions for liabilities reflect restructuring costs related to reorganisation and streamlining of 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.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

22 Share capital

	2019 Number of shares	2019 £'000	2018 Number of shares	2018 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2018: £1)	103	-	102	-

During the year, the Company issued 1 ordinary share of £1 to PRISM PCH Limited for a consideration of £3,318k. Share premium has been recognised on shares issued by the Company for £3,318k. See note 23.

23 Share premium

	2019 £'000	2018 £'000
Share premium	170,909	167,591

During the year, the Company issued 1 ordinary share of £1 to PRISM PCH Limited for a consideration of £3,318k. The difference between the nominal value of the share issued and the consideration is recognised as share premium.

24 Other reserves

	Other reserves £'000
At 31 December 2018 and 31 December 2019	(44,170)

Included in other reserves is the difference between the consideration transferred and the carrying value of the net assets for the acquisition of the Consumer Healthcare business from GlaxoSmithKline Export Limited and GlaxoSmithKline Consumer Healthcare (UK) (No.1) Limited in 2017 and 2016 respectively.

25 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 2019 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

26 Events after the end of the reporting period

The Directors have considered the impact on the Company of the COVID-19 pandemic, which is a non-adjusting post balance sheet event. The Directors do not consider that there have been any material adverse changes to the carrying values of the Company's assets nor material adjustments to liabilities subsequent to the year-end which require disclosure in these financial statements.

As of 2 March 2020 CHUK business in Saudi Arabia was transferred to GlaxoSmithKline Consumer Healthcare Saudi Limited ("CHSL"), a fully owned GSK company. CHUK accounts hold legacy balances related to Saudi business that originated prior to 2 March 2020 (including Trade Discounts, Trade receivables, End-of-Service Benefit Provisions, Fixed Assets and Trade payables) whilst all Saudi business transactions from March 2020 are recorded in CHSL books.

27 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 (2018: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2018: £nil).

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Notes to the financial statements for the year ended 31 December 2019 (continued)

28 Related party transactions

For the period from 1 January 2018 to 31 May 2018, the Company was held by Novartis and with equity interest of 36.5% and the Group with equity interest of 63.5%, therefore the Company was not a wholly owned subsidiary of the Group and related party transactions with another Group company was disclosed for this period in the comparative disclosure.

On 1 June 2018, the Group completed the transaction with Novartis AG ("Novartis") to buy out Novartis' 36.5% stake in their Consumer Healthcare subgroup. The Consumer Healthcare subgroup was formed between the Group and Novartis in 2015, and the Group had control with an equity interest of 63.5%. Upon the completion of this transaction, the Group assumed full ownership of the Consumer Healthcare business. Therefore the Company was not a wholly owned subsidiary of the Group for the period 1 January 2018 to 31 May 2018 and related party transactions with another Group company were disclosed for this period in the comparative disclosure.

For the period from 1 June 2018 to 31 July 2019, the Company was a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, therefore advantage had been taken of the exemption afforded by FRS 101 'Reduced disclosure framework' not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.

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

From 1 August 2019 to 31 December 2019, GlaxoSmithKline Services Unlimited provided services and facilitates to the Company including finance, legal, administrative services and IT support for which a management fee of £49k (1 January 2018 to 31 May 2018: £48k) has been charged.

	2019 £'000	2018 £'000
Head office services provided by:		
GlaxoSmithKline Services Unlimited	49	48

The above costs are included in the statement of comprehensive income within cost of sales, administrative expenses, selling and distribution costs, research and development expenditure and other operating expenses.

The table below outlines the amounts of the significant relevant transactions and significant outstanding amounts at the end of the financial year:

Transactions with related parties during the year

Name of related party	2019 £'000	2018 £'000
GlaxoSmithKline Export Limited	4,776	(2,808)
GlaxoSmithKline Trading Services Limited	-	(5)
Horlicks Limited	2,194	1,769
GlaxoSmithKline Asia Pvt. Limited	46	1,000
GlaxoSmithKline (Malta) Limited	737	382
GlaxoSmithKline Limited	985	-
GlaxoSmithKline Argentina S.A.	73	-
GlaxoSmithKline Pharma GmbH	20	-
GlaxoSmithKline Pharmaceuticals SA	4	-
GlaxoSmithKline Services Unlimited	118	-
Glaxo Operations UK - Area	63	-
GlaxoSmithKline Pharmaceuticals Costa Rica	4	-

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Notes to the financial statements for the year ended 31 December 2019 (continued)

28 Related party transactions (continued)

The amounts receivable/(payable) to related parties at the balance sheet date

Name of related party	2019 £'000	2018 £ '000
GlaxoSmithKline Export Limited	(9,992)	-
Glaxo SmithKline Trading Services	(16)	-
GlaxoSmithKline Limited (Kenya)	(763)	-
GlaxoSmithKline (Malta) Limited	(23)	-
GlaxoSmithKline Services Unlimited	(42,237)	-
Horlicks Limited	(2,152)	-
GlaxoSmithKline Research & Development Limited	14	-
GlaxoSmithKline (Ireland) Limited	(18)	-
GlaxoSmithKline Asia Pvt. Limited	(101)	-
GlaxoSmithKline Argentina S.A.	(56)	-
GlaxoSmithKline UK Limited	(157)	-
GlaxoSmithKline Pharma GmbH	(301)	-
GlaxoSmithKline Pharmaceuticals SA	(51)	-
GlaxoSmithKline Brasil Limitada	23	-
GlaxoSmithKline Inc.(Canada GMS)	(406)	-
GlaxoSmithKline Chile Farmaceutica Limitada	6	-
Setfirst Limited	1,178	-
SmithKline Beecham Limited	(34)	-
Glaxo Operations UK Limited	(3,847)	-
PT Glaxo Wellcome Indonesia	(116)	-
GlaxoSmithKline Pte Ltd	(3)	-
GSK MAN.Slovakia AS	(294)	-
SB Corporate Center	(1,938)	-
GlaxoSmithKline Pharmaceuticals Costa Rica	(61)	-