

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Annual report and financial statements
for the year ended 31 December 2021

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

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Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

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Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Company Information

Directors

GSK Consumer Healthcare Holdings (No.8) Limited
GSK Consumer Healthcare Holdings (No.4) Limited

Parul Garg

Gemma L Beck

Company secretary

GSK Consumer Healthcare Holdings (No.8) Limited

Registered office

980 Great West Road
Brentford
Middlesex
TW8 9GS
England

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Strategic report for the year ended 31 December 2021

The Directors present their Strategic report on Stiefel Consumer Healthcare (UK) Limited (the "Company") and the financial statements of the Company for the year ended 31 December 2021.

Principal activities and future developments

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

The principal activities of the Company are the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Company which may include but is not limited to, licensing out intellectual property rights relating to products to the Group of companies and carrying out research and development activities. 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 £13,053k (2020: £90,863k). The decrease in profit for the year, as compared to the prior year, is mainly attributable to the gain on disposal of Physiogel and Duofilm brands during the previous year. 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 £13,053k will be transferred to reserves (2020: £90,863k transferred to reserves).

The Company's distributable reserves as at 31 December 2021 were £71,465k (2020: £58,412k).

Principal risks and uncertainties

The Directors of the Company manage the functions, assets and risks related to the intellectual property assets owned by the Company on a business sector, category area and stage of product life cycle basis. The principal functions, risks and uncertainties related to the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Group, which include those of the Company, are discussed in the Group's 2021 Annual Report. Please refer to the 2021 Group Report, which does not form part of this report, to ensure a complete understanding of the principal risks and uncertainties of the Group, and therefore the Company.

Key performance indicators (KPIs)

The Directors of the Group manage the functions, assets and risks related to the intellectual property assets owned by the Company on a business sector, category area and stage of product life cycle basis. Therefore, 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 2021 Annual Report which does not form part of this report.

Section 172 Companies Act 2006 Statement

The Company's governance architecture and processes operate 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 priorities of Innovation, Performance and Trust.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Strategic report for the year ended 31 December 2021 (continued)

Section 172 Companies Act 2006 Statement (continued)

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.

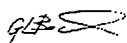
The Company has engaged with its main stakeholder groups, including our shareholders, consumers, customers and Group employees, as further detailed in the stakeholder engagement statements in the Directors' Report and the feedback from the engagement has been considered by the Directors during the decision-making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

Further disclosures detailing how, during the year, the Directors addressed the matters set out in Section 172(1) (a) to (f) of the Companies Act, can be found in the consolidated financial statements of the Group, of which the Company is a member and no additional considerations are deemed necessary for the Company as the relevant matters are all considered in the Group accounts. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS, England.

Streamlined Energy and Carbon Reporting (SECR)

The Company is committed to playing its part to address climate change by reducing our environmental impact. Further detail on the goals set by the Directors of the Group, as well as, emissions and energy use can be found in the GSK plc 2021 Annual Report and Financial Statements.

Approved by the Board on 15 July 2022 and signed on its behalf by:



Gemma L Beck
Director

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Directors' report for the year ended 31 December 2021

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2021.

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 the Company's ordinary shares in respect of the year ended 31 December 2021 (2020: £nil).

Research and development

The Company is responsible for instigating research and development ("R&D") activities, which are carried out by other Group undertakings. The expense from these activities includes amounts re-charged from other Group undertakings.

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:

GSK Consumer Healthcare Holdings (No.8) Limited	(Appointed on 06 April 2022)
GSK Consumer Healthcare Holdings (No.4) Limited	(Appointed on 06 April 2022)
Parul Garg	(Appointed on 04 March 2022)
Gemma Louise Beck	(Appointed on 04 March 2022)
Glaxo Group Limited	(Resigned on 06 April 2022)
The Wellcome Foundation Limited	(Resigned on 06 April 2022)
Nicholas I Cooper	(Resigned on 04 March 2022)
Mariano J Godino Escolar	(Appointed on 27 May 2021, Resigned on 04 March 2022)
Jai Mehta	(Resigned on 26 May 2021)

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 Consumer Healthcare (UK) Trading Limited. 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 and financial statements in accordance with applicable law and regulations.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Directors' report for the year ended 31 December 2021 (continued)

Statement of Directors' responsibilities (continued)

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 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.

Matters covered in the strategic report

The following items have been included in the Strategic report on pages 2 to 3:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators (KPIs);
- section 172 Companies Act 2006 Statement; and
- Streamlined Energy and Carbon Reporting (SECR).

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going concern basis

Having assessed the principal risks and considered other matters, the Directors are of the opinion that the current level of activity is sustainable. In relation to the potential downside trading scenarios, the considerations have included the potential risks to demand and operational risks to supply throughout trade routes. 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.

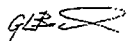
Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Directors' report for the year ended 31 December 2021 (continued)

Independent auditors

Deloitte LLP were re-appointed to act as the Company's auditors pursuant to section 487 Companies Act 2006.

Approved by the Board on 15 July 2022 and signed on its behalf by:



Gemma L Beck
Director

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included General Data Protection requirements, Anti-bribery and corruption policy.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

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.

Deloitte LLP

Deloitte LLP
Statutory Auditors
London, United Kingdom
15 July 2022

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Statement of comprehensive income
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	5,025	9,084
Cost of sales		(4,264)	(11,332)
Gross profit/(loss)		761	(2,248)
Selling and distribution costs		-	121
Research and development expenditure		(154)	(8,649)
Other operating income		15,884	120,965
Operating profit	5	16,491	110,189
Profit before interest and taxation		16,491	110,189
Finance income	7	-	65
Finance expense	8	(45)	(6)
		(45)	59
Profit before taxation		16,446	110,248
Taxation	9	(3,393)	(19,385)
Profit for the year		13,053	90,863

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.

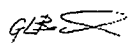
The notes on pages 14 to 24 form an integral part of these financial statements.

Stiefel Consumer Healthcare (UK) Limited
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Balance sheet
as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	10	23,445	35,306
Current assets			
Trade and other receivables	11	296,101	252,615
Total assets		319,546	287,921
Current liabilities			
Trade and other payables	12	(32,846)	(17,667)
Corporation tax		(22,778)	(19,385)
Total current liabilities		(55,624)	(37,052)
Net current assets		240,477	215,563
Total assets less current liabilities		263,922	250,869
Total liabilities		(55,624)	(37,052)
Net assets		263,922	250,869
Equity			
Share capital	13	-	-
Share premium		192,457	192,457
Retained earnings		71,465	58,412
Shareholders' equity		263,922	250,869

The financial statements on pages 11 to 24 were approved by the Board of Directors on 15 July 2022 and signed on its behalf by:



Gemma L Beck
Director

The notes on pages 14 to 24 form an integral part of these financial statements.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Statement of changes in equity
for the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2020	-	192,457	(32,451)	160,006
Profit for the year	-	-	90,863	90,863
At 31 December 2020	-	192,457	58,412	250,869
Profit for the year	-	-	13,053	13,053
At 31 December 2021	-	192,457	71,465	263,922

The notes on pages 14 to 24 form an integral part of these financial statements.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Notes to the financial statements for the year ended 31 December 2021

1 Presentation of the financial statements

General information

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

The principal activities of the Company are the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Company which may include but is not limited to, licensing out intellectual property rights relating to products to the Group of companies and carrying out research and development activities. The Directors do not envisage any change to the nature of the business in the foreseeable future.

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 the nearest £'000.

Going concern basis

Having assessed the principal risks and considered other matters, the Directors are of the opinion that the current level of activity is sustainable. In relation to the potential downside trading scenarios, the considerations have included the potential risks to demand and operational risks to supply throughout trade routes. 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);
- 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';

Stiefel Consumer Healthcare (UK) Limited
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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- 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 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'.

New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards and interpretations (continued)

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021.

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

The financial statements of GSK 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.

(b) Ultimate and immediate parent undertaking

The Company is a subsidiary of the ultimate parent company GSK plc, a Company registered in United Kingdom (England), who is also the Company's controlling party. The largest and smallest group of undertakings for which group financial statements are prepared, and are publicly available, and which include the results of the Company are the consolidated financial statements of GSK plc. Copies of the Group consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS. The immediate parent undertaking is GSK Consumer Healthcare Holdings (No.3) Limited. The registered address of these undertakings is 980 Great West Road, Brentford, Middlesex, TW8 9GS, England. These financial statements are separate financial statements.

(c) 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.

(d) Turnover

Turnover relates to the receipt of a distribution return from the manufacture and distribution of products for which it owns the intellectual property rights, and license income from other Group undertakings and third parties. Whereby the distribution return is an income, it is categorised as Turnover. Distribution losses are recorded in Cost of Sales.

Turnover comprises of third party royalty income, intercompany royalty income and positive residual profit returns.

Stiefel Consumer Healthcare (UK) Limited
(Registered number: 09416736)

Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(d) Turnover (continued)

The net profit remaining after accounting for all third party income and expenses, and intercompany expenses related to the supply and management of the product, is returned to the intellectual property rights holders in the form of a residual return. If the return is an income, it is categorised as turnover, and if it is a cost, it is categorised as cost of sales.

Turnover is recognised when the third party or intercompany revenue, and associated expenses of the product cause the title and risk of loss to pass to the customer and/or intercompany counterparty. Reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

(e) Operating income

Operating income is recognised in respect of services provided when supplied in accordance with contractual terms.

(f) 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. Plant and equipment used for research and development are capitalised and depreciated in accordance with the Company's policy.

(g) Royalty income and expenses

The Company enters into development and marketing collaborations and out-licenses of the Company's compounds or products to other Group subsidiaries. These contracts give rise to fixed and variable consideration from royalties. Sales-based royalties on a license of intellectual property are not recognised until the relevant product sale occurs. Royalty income is recognised in turnover and royalty expenses are recognised in cost of sales.

(h) Finance income and expense

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

(i) Intangible assets

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

Licences and patent rights separately acquired are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed, and where appropriate adjusted, annually. Contingent milestone payments are recognised at the point that the contingent event becomes probable. Any development costs incurred by the Company and associated with acquired licences, patents rights are written off to the statement of comprehensive income when incurred, unless the criteria for recognition of an internally generated intangible asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

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2 Summary of significant accounting policies (continued)

(i) Intangible assets (continued)

Acquired brands are valued independently as part of the fair value of businesses acquired from third parties where the brand has a value which is substantial and long term and where the brands either are contractual or legal in nature or can be identified separately from the rest of the business acquired. Brands are amortised over the estimated useful lives of up to 20 years, except where it is considered that the useful economic life is indefinite.

(j) Impairment of non-current assets

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

(k) 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.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method. Long-term payables are discounted where the effect is material.

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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(m) Share capital

Ordinary shares are classified as equity.

(n) Taxation

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

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates. The following are considered to be the key sources of estimation uncertainty made.

(a) Intangible assets impairments and useful lives

Impairment tests on other intangible assets are undertaken if events occur which call into question the carrying values of the assets. Where brands and other intangible assets which are not yet available for use are not amortised, they are subject to annual impairment tests. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates. The valuation represents the fair values less cost of disposal (FVLCOB) as the recoverable amount in the impairment test.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

Licences, patents, know-how and marketing rights separately acquired or internally developed intellectual property rights that are available for use are amortised over their estimated useful lives generally not exceeding 20 years, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge are reviewed annually, and take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed, and where appropriate adjusted, annually (See note 10 for details).

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Notes to the financial statements for the year ended 31 December 2021

4 Turnover

Analysis of turnover by geography:

	2021 £'000	2020 £'000
UK and Europe	1,697	8,781
Rest of the world	3,328	303
	5,025	9,084

The Company operates in the consumer healthcare category.

5 Operating profit

	2021 £'000	2020 £'000
The following items have been charged/(credited) in operating profit:		
Amortisation of intangible assets (note 10)	1,319	1,318
Exchange losses on foreign currency transactions	74	15
Patents and Trade marks	61	80
Management fee	73	71
APA additional trademark charges	-	(60)
Compensation fees	-	5,026
Gain on disposal of intangible assets (note 10)	(17,224)	(127,398)

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services which are recharged at cost plus an appropriate arm's length mark up where relevant. Included in the management fee is a charge for auditor's remuneration of £31,800 (2020: £30,300).

6 Employees

The Company has no employees (2020: nil). All UK personnel providing services to the Company are remunerated by either GlaxoSmithKline Consumer Healthcare (UK) Trading Limited or GlaxoSmithKline Services Unlimited.

A management fee is charged to the Company by GlaxoSmithKline Services Unlimited for services provided to the Company (see note 5).

7 Finance income

	2021 £'000	2020 £'000
On loans with Group undertakings	-	65

8 Finance expense

	2021 £'000	2020 £'000
On loans with Group undertakings	45	6

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Notes to the financial statements for the year ended 31 December 2021

9 Taxation

	2021	2020
	£'000	£'000
Income tax charge on profit		
Current tax:		
UK corporation tax	3,393	19,385
Total current tax	3,393	19,385
Total tax charge for the year	3,393	19,385

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%). The differences are explained below:

	2021	2020
	£'000	£'000
Reconciliation of total tax charge		
Profit before tax	16,446	110,248
Tax at the UK standard rate of 19.00% (2020: 19.00%)	3,125	20,947
Effects of:		
Expenses not deductible for tax purposes	268	1,422
Disposal of intangible assets	-	(2,984)
Total tax charge for the year	3,393	19,385

Factors that may affect future tax charges:

A UK corporation rate of 25% (effective 1 April 2023) was enacted on 10 June 2021. This may have an impact on the Company's tax charge of future years accordingly. However, there is no impact of this change on the tax charge in the current year as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

10 Intangible assets

	Licences, patents & brands £'000
Cost	
At 1 January 2021	62,540
Disposals and write-offs	(10,543)
At 31 December 2021	51,997
Accumulated amortisation	
At 1 January 2021	(7,912)
Charge for the year	(1,319)
Disposals and write-offs	1
At 31 December 2021	(9,230)
Accumulated impairment	
At 1 January 2021	(19,322)
At 31 December 2021	(19,322)
Total amortisation and impairment at 31 December 2021	(28,552)
Net book value at 31 December 2020	35,306
Net book value at 31 December 2021	23,445

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Notes to the financial statements for the year ended 31 December 2021

10 Intangible assets (continued)

Intangible asset amortisation and impairments are recorded within other operating expense in the statement of comprehensive income.

On 29 January 2021, the Acne-Aid brand was disposed for a total consideration of £28,860,000 with a net book value of £10,451,000. The profit on disposal of £18,409,000 which are offset by deal costs associated with the disposal of £928,000 are included in other operating income.

CHC Acne was written off in the year for the sum of £92k (2020: £nil).

11 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due within one year		
Amounts owed by Group undertakings	296,078	252,535
Other receivables	23	80
	296,101	252,615

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 £281,227k (2020: £252,535k) which is unsecured and repayable on demand with interest received at LIBOR rate less 0.125% per annum up to 01 November 2021. From 01 November 2021, the interest rate changed to SONIA rate less 0.05% (2020: LIBOR rate less 0.125%).

12 Trade and other payables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	32,846	17,667

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand except for a call account balance with GlaxoSmithKline IHC Limited of £nil (2020: £3,351k) and in-house cash account balance with GlaxoSmithKline Consumer Healthcare Finance Limited of £32,846k (2020: £nil) which is unsecured and repayable on demand with interest paid at LIBOR rate plus 0.25% per annum up to 01 November 2021. From 01 November 2021, the interest rate changed to SONIA rate plus 0.1% (2020: LIBOR rate plus 0.25%).

13 Share capital

	2021 Number of shares	2020 Number of shares	2021 £'000	2020 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2020: £1 each)	102	102	-	-

The Company's distributable reserves as at 31 December 2021 were £71,465k (2020: £58,412k).

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Notes to the financial statements for the year ended 31 December 2021

14 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 2021 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

15 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 (2020: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2020: £nil).

16 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GSK plc, the Company has taken advantage of the exemption afforded by FRS 101 not to disclose any related party transactions with other wholly owned members of the JV Group, or information relating to the remuneration of key management personnel compensation.

From 1 January 2021 to 31 December 2021, GlaxoSmithKline Services Unlimited provided services and facilities to the Company including finance, legal, administrative services and IT support for which a management fee of £72,835 (2020: £71,151) has been charged.

	2021	2020
Head office services provided by:	£'000	£'000
GlaxoSmithKline Services Unlimited	73	71

The above costs are included in the statement of comprehensive income within operating expenses.

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Notes to the financial statements for the year ended 31 December 2021

16 Related party transactions (continued)

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

The table below shows the value of these transactions:

	2021	2020
Name of related party	£'000	£'000
GlaxoSmithKline IHC Limited	-	6

The table below outlines the amounts payable to related parties at the end of the year:

	2021	2020
Name of related party	£'000	£'000
GlaxoSmithKline Services Unlimited	-	(30)
GlaxoSmithKline IHC Limited	-	(3,351)