

**Glaxo Wellcome UK Limited**  
(Registered number: 00480080)

**Annual report**

**for the year ended 31 December 2021**



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

**Glaxo Wellcome UK Limited**  
**(Registered number: 00480080)**

**Annual report**

**for the year ended 31 December 2021**

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**Glaxo Wellcome UK Limited**  
**(Registered number: 00480080)**

## **Strategic report for the year ended 31 December 2021**

The Directors present their strategic report on Glaxo Wellcome UK Limited (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). The address of the registered office is 980 Great West Road, Brentford, Middlesex, TW8 9GS, England.

The Company's principal activities are the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Company which may include but are not limited to, licensing out intellectual property rights relating to pharmaceutical products to Group companies and carrying out research and development activities.

The Company also holds investments in other group companies. The Directors do not envisage any change to the nature of the business in the foreseeable future.

### **Review of business**

The Company made a loss for the financial year of £136,000 (2020: loss of £40,722,000). During the year, the Company earned income on the sales of one of its intellectual properties due to which the loss has decreased significantly from prior 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 loss for the year of £136,000 will be transferred from reserves (2020: loss for the year of £40,722,000 transferred from reserves).

### **Principal risks and uncertainties**

The Directors of GSK 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 2021 annual report which does not form part of this report.

### **Key performance indicators (KPIs)**

The Directors of the Group manage the Group's operations on 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 2021 annual report which does not form part of this report.

### **Risks associated with COVID-19**

The impact of the COVID-19 pandemic on the Group's performance and its principal risks has been assessed with mitigation plans put in place. Further disclosures detailing how, during the year, the COVID-19 pandemic has impacted the Group can be found on page 54 of the consolidated financial statements of the Group. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

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**Strategic report for the year ended 31 December 2021 (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.

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.

On behalf of the Board



Adam Walker  
Director of Glaxo Group Limited, Corporate Director  
3 August 2022

**Glaxo Wellcome UK Limited**  
**(Registered number: 00480080)**

**Directors' report for the year ended 31 December 2021**

The Directors present their report on the Company and the 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 6.

No dividends are proposed to the holders of ordinary shares in respect of the year ended 31 December 2021 (2020: £nil).

**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:

Edinburgh Pharmaceutical Industries Limited  
Glaxo Group Limited  
Jerome Andries  
Kate Priestman (appointed on 3 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 benefits from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of their duties.

In addition, each of the Directors who is an individual benefits from an indemnity given by another Group company, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by virtue of their engagement in the business of the Company.

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 'Reduced disclosure framework' ("FRS 101") 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 of the Company for that period.

**Glaxo Wellcome UK Limited**  
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**Directors' report for the year ended 31 December 2021 (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 and 2:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators;
- risks associated with the COVID-19; 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 2021.

**Stakeholder engagement**

The Company aims to build enduring relationships with all its stakeholders 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.

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 stakeholders on a range of issues that are relevant to its business and relating to regulatory compliance matters.

**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 potential risks to demand and operational risks to supply throughout trade routes. The Directors have taken into account that as part of the Group, the Company has already received the necessary letter of support from immediate parent company Glaxo Group Limited 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.

**Glaxo Wellcome UK Limited**  
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**Directors' report for the year ended 31 December 2021 (continued)**

**Audit exemption**

The Company has taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2021.

By order of the Board

A handwritten signature in black ink, appearing to read 'A. Walker', is positioned above the printed name and title of the signatory.

Adam Walker  
Director of Glaxo Group Limited, Corporate Director  
3 August 2022

**Glaxo Wellcome UK Limited**  
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**Statement of comprehensive income**  
**for the year ended 31 December 2021**

	Notes	2,021 £'000	2020 £'000
Turnover	4	731,201	-
Cost of sales		(650,172)	(3,216)
<b>Gross profit/(loss)</b>		<b>81,029</b>	<b>(3,216)</b>
Administrative expenses		(15,930)	(3,135)
Research and development expenditure		(49,479)	(43,698)
Other operating expense		(13,226)	(367)
<b>Operating profit/(loss)</b>	5	<b>2,394</b>	<b>(50,416)</b>
Income from subsidiary	6	-	67
<b>Profit/(loss) before interest and taxation</b>		<b>2,394</b>	<b>(50,349)</b>
Finance income	7	-	75
Finance expense	8	(614)	-
<b>Profit/(loss) before taxation</b>		<b>1,780</b>	<b>(50,274)</b>
Taxation	9	(1,916)	9,552
<b>Loss for the year</b>		<b>(136)</b>	<b>(40,722)</b>

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.



**Glaxo Wellcome UK Limited**  
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**Balance sheet**  
**as at 31 December 2021**

		<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>	Notes		
Intangible assets	10	<b>732,992</b>	46,872
Investments in subsidiaries	11	<b>2,630</b>	2,630
<b>Total Non-current assets</b>		<b>735,622</b>	49,502
<b>Current assets</b>			
Trade and other receivables	12	<b>644,636</b>	46,364
Derivative financial instruments	13	<b>2,973</b>	-
Corporation tax		<b>4,929</b>	9,552
<b>Total current assets</b>		<b>652,538</b>	55,916
<b>Total assets</b>		<b>1,388,160</b>	105,418
<b>Current liabilities</b>			
Trade and other payables	14	<b>(634,769)</b>	(76,495)
Accruals and deferred income	15	<b>(718,030)</b>	-
<b>Total current liabilities</b>		<b>(1,352,799)</b>	(76,495)
<b>Net current (liabilities) / assets</b>		<b>(700,261)</b>	(20,579)
<b>Total assets less current liabilities</b>		<b>35,361</b>	28,923
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>(6,574)</b>	-
<b>Total non-current liabilities</b>		<b>(6,574)</b>	-
<b>Total liabilities</b>		<b>(1,359,373)</b>	(76,495)
<b>Net liabilities</b>		<b>28,787</b>	<b>28,923</b>
<b>Equity</b>			
Share capital	16	<b>65,001</b>	65,001
Accumulated Losses		<b>(36,214)</b>	(36,078)
<b>Shareholder's equity</b>		<b>28,787</b>	<b>28,923</b>

For the year ended 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 18 were approved by the Board of Directors on 3 August 2022 and signed on its behalf by:



Adam Walker  
Director of Glaxo Group Limited, Corporate Director

**Glaxo Wellcome UK Limited**  
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**Statement of changes in equity**  
**for the year ended 31 December 2021**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 January 2020	65,001	4,644	69,645
Loss and total comprehensive loss for the year	-	(40,722)	(40,722)
<b>At 31 December 2020</b>	<b>65,001</b>	<b>(36,078)</b>	<b>28,923</b>
Loss and total comprehensive loss for the year	-	(136)	(136)
<b>At 31 December 2021</b>	<b>65,001</b>	<b>(36,214)</b>	<b>28,787</b>

**Glaxo Wellcome UK Limited**  
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**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). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS.

The Company's principal activities are the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Company which may include but are not limited to, licensing out intellectual property rights relating to pharmaceutical products to Group companies and carrying out research and development activities.

The Company also holds investments in other Group companies.

**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.

**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 potential risks to demand and operational risks to supply throughout trade routes. The Directors have taken into account that as part of the Group, the Company has already received the necessary letter of support from immediate parent company Glaxo Group Limited 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 on 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);

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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)*

- 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 GSK plc can be obtained as described in note 2(b).

**Glaxo Wellcome 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)**

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) Consolidation**

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing Group financial statements under section 400 of the Companies Act 2006. GSK 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 GSK plc. Copies of the 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 Glaxo Group Limited. These financial statements are separate financial statements.

**(c) Turnover**

The Company recognises turnover on the residual amount after accounting for all external income and expenses and inter-company expenses related to the supply and management of the pharmaceutical products for which it owns the intellectual property rights, and license income from other Group undertakings and third parties. The Company has authorised the supply and management of the pharmaceutical products to other Group companies which act as principal in the overall process. The residual return is therefore recognised on a net basis. If the residual amount is an income, it is recorded in turnover. If the residual amount is a loss, it is recorded in cost of sales.

**(d) Expenditure**

Expenditure is recognised in respect of services received when supplied in accordance with contractual terms.

**(e) 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.

**(f) Dividends received**

Interim dividends received are included in the statement of comprehensive income in the year in which the right to receive the payment is established. Dividends in specie are recognised at their fair value at the date of receipt.

**(g) Finance income and expense**

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

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

**2 Summary of significant accounting policies (continued)**

**(h) 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.

**(i) Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**(j) 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. Any provision for impairment is charged to the income statement 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.

**(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 Company 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 Company 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.

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

**2 Summary of significant accounting policies (continued)**

**(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.

**(m) Taxation**

Current tax is provided at the amounts expected to be paid or refunded 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 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.

**(n) 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.

Derivatives designated as hedging instruments are classified on inception as cash flow hedges or fair value hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in profit or loss immediately. Amounts deferred in other comprehensive income are reclassified to the statement of comprehensive income when the hedged item affects profit or loss.

Changes in the fair value of derivatives designated as fair value hedges are recorded in the statement of comprehensive income, together with the changes in the fair value of the hedged asset or liability.

**(o) Share capital**

Ordinary shares are classified as equity.

**3 Critical accounting judgments 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 judgments 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 2021**

**4 Turnover**

Analysis of turnover by category:

	2021 £'000	2020 £'000
Royalties and licence income	731,201	-

**5 Operating profit/(loss)**

	2021 £'000	2020 £'000
The following items have been charged/(credited) in operating loss:		
Amortisation of intangible assets (note 9)	4,822	294
Research and development expenditure	49,479	43,698
Administrative expenses	15,930	3,135
Management fee	6	6
Fair value gain on derivatives	(4,753)	-
Foreign exchange loss	13,151	-
Impairment of investments in subsidiaries (note 10)	-	67

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged.

**5 Employees**

All UK personnel are remunerated by GlaxoSmithKline Services Unlimited and receive no remuneration from the Company. A management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company (note 4). The Company has no employees (2020: nil).

**6 Income from subsidiary**

	2021 £'000	2020 £'000
Dividends from subsidiary	-	67

The Company received no dividends on ordinary shares during the year (2020: £67,000 from Glaxo Laboratories Limited).

**7 Finance income**

	2021 £'000	2020 £'000
On loans with Group undertakings	-	75

**8 Finance Expense**

	2021 £'000	2020 £'000
On loans with Group undertakings	(614)	-



**Glaxo Wellcome UK Limited**  
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**Notes to the financial statements for the year ended 31 December 2021**

**9 Taxation**

	2021 £'000	2020 £'000
<b>Income tax charge/(credit) on profit/(loss)</b>		
Current tax:		
UK corporation tax at 19.00% (2020: 19.00%)	(4,464)	(9,552)
Adjustments in respect of previous years	(194)	-
<b>Total current tax</b>	<b>(4,658)</b>	<b>(9,552)</b>
Deferred tax:		
Origination and reversal of timing differences	6,175	-
Adjustments in respect of previous years	303	-
Change in tax rate - impact on deferred tax	96	-
<b>Total deferred tax</b>	<b>6,574</b>	<b>-</b>
<b>Total tax charge/(credit) for the year</b>	<b>1,916</b>	<b>(9,552)</b>

The tax assessed for the year is higher (2020: the same as) 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 £'000	2020 £'000
<b>Reconciliation of total tax charge/(credit)</b>		
Profit/(loss) before taxation	1,780	(50,274)
Tax on ordinary activities at the UK standard rate 19.00% (2020: 19.00%)	338	(9,552)
Effects of:		
R&D expenditure credits	(109)	-
Expenses not deductible for tax purposes	-	13
Income not taxable for tax purposes	-	(13)
Remeasurement of deferred tax - change in tax rate	1,541	-
Movement in deferred tax not recognised	37	-
Adjustments in respect of previous years	(194)	-
Adjustments to tax charge in respect of previous years - deferred tax	303	-
<b>Total tax (credit)/charge for the year</b>	<b>1,916</b>	<b>(9,552)</b>

Factors that may effect future tax charges:

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

**Movement in deferred tax assets and liabilities**

	Intangible assets £'000	Total £'000
At 1 January 2020	-	-
Charge to statement of comprehensive income	(6,574)	(6,574)
At 31 December 2021	(6,574)	(6,574)

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

	2021 £'000	2020 £'000
Deferred tax liabilities classified as non-current liabilities	(6,574)	-
<b>Total</b>	<b>(6,574)</b>	<b>-</b>

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

**10 Intangible assets**

	<b>Licence and Patents £'000</b>
<b>Cost</b>	
At 1 January 2021	47,166
Additions	690,942
<b>At 31 December 2021</b>	<b>738,108</b>
<b>Accumulated amortisation</b>	
At 1 January 2021	(294)
Charge for the year	(4,822)
At 31 December 2021	(5,116)
<b>Net book value at 31 December 2020</b>	<b>46,872</b>
<b>Net book value at 31 December 2021</b>	<b>732,992</b>

**11 Investments in subsidiaries**

	<b>Subsidiaries shares at cost £'000</b>
<b>Cost</b>	
At 1 January 2020, 31 December 2020 and 31 December 2021	2,947
<b>Accumulated impairment</b>	
At 1 January 2021	(317)
Impairment charge for the year	-
At 31 December 2021	(317)
Carrying value at 31 December 2020	2,630
<b>Carrying value at 31 December 2021</b>	<b>2,630</b>

Details of the subsidiary undertakings of the Company as at 31 December 2021 are given in Note 21. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

**12 Trade and other receivables**

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	553,917	23,285
Other receivables	90,719	23,079
	<b>644,636</b>	<b>46,364</b>

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand.

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

**13 Derivative financial instruments**

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

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts - cash flow hedge	2,973	-	-	-
<b>Total</b>	<b>2,973</b>	<b>-</b>	<b>-</b>	<b>-</b>

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding derivative instruments at 31 December 2021 were £145.4m (2020: £nil).

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.

**14 Trade and other payables**

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Amounts owed to Group undertakings	634,769	74,481
Trade payables	-	2,014
	<b>634,769</b>	<b>76,495</b>

The amounts owed to Group undertakings are unsecured, interest free and are repayable on demand except for a call account balance with GlaxoSmithKline IHC Limited of £616,583,000 (2020: receivable balance of £22,826,000) which is unsecured and repayable on demand with interest paid at LIBOR rate plus 0.25% per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.1% per annum (2020: LIBOR rate less 0.125% per annum).

**15 Accruals and deferred income**

	2021 £'000	2020 £'000
Amounts falling due within one year	718,030	-

**16 Share Capital**

	2021 Number of shares	2020 Number of shares	2021 £'000	2020 £'000
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each (2020: £1 each)	65,001,000	65,001,000	65,001	65,001

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

**17 Commitments**

	2021 £'000	2020 £'000
<b>Capital commitments</b>		
Contracted for but not provided in the financial statements		
Intangible assets	1,523,034	47,165

The commitments relate to intangible assets include milestone payments, which are dependent on successful clinical development or on meeting specified sales targets, and which represent the maximum that would be paid if all milestones, however unlikely, are achieved. As the agreement relate to compounds in the early stages of development, milestone payments will continue for a number of years if the compounds move successfully through the development process. Generally, the closer the product is to marketing approval, the greater the possibility of success.

**18 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.

**19 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).

**20 Related party transactions**

As a wholly owned subsidiary of the ultimate parent company, GSK plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced disclosure framework' not to disclose any related party transactions within the Group, or information around remuneration of key management personnel compensation.

**21 Subsidiaries**

The subsidiaries of the Company as at 31 December 2021 are as follows:

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
Allen & Hanburys Limited	100%	-	Ordinary	980 Great West Road, Brentford, Middlesex, TW89GS, England.
Glaxo Laboratories Limited (in liquidation)	100%	-	Ordinary	55 Baker Street London, W1U 7EU, United Kingdom