

**Glaxo Operations UK Limited**  
(Registered number: 00711851)

**Annual report for the year ended 31 December 2021**

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



**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

**Annual report for the year ended 31 December 2021**

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**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

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

The Directors present their strategic report on Glaxo Operations 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.

The principal activities of the Company are the manufacture and distribution of ethical human pharmaceutical products. 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 £40,324,000 (2020: profit of £41,429,000). The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The profit for the financial year of £40,324,000 will be transferred to reserves (2020: profit of £41,429,000 transferred to 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 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 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 potential 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 GSK Group can be found on page 54 of the consolidated financial statements of the GSK Group. Copies of the consolidated financial statements can be obtained from the Company Secretary GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

**Post balance sheet events**

On 23 September 2022 the Chancellor has proposed changes to cancel the increase in the main rate of UK corporation tax from 25%, which was to be effective from 1 April 2023, and maintain the existing rate of 19%. These changes have not yet been substantively enacted and are therefore not included in note 9 for taxation. The overall effect of the further changes from 25% to 19%, if these applied to the deferred tax balance at 31 December 2021, would be to reduce the deferred tax asset by approximately £35 million.

**Glaxo Operations UK Limited**  
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**Strategic report for the year ended 31 December 2021 (continued)**

**Section 172 Companies Act 2006 statement**

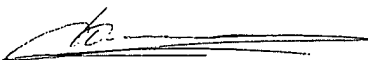
The Company's governance architecture and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term priorities of Innovation, Performance and Trust.

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.

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

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.

On behalf of the board



Dmytro Oliinyk  
Director  
3 October 2022

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

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

The Directors present their report on the Company and the audited financial statements of the Company 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 ordinary shares in respect of the year ended 31 December 2021 (2020: £nil).

**Research and development**

The Company undertakes certain research and development ("R&D") activities relating to new product development and product launches. The income/expense from these activities includes amounts re-charged to/from other Group undertakings. In addition the Company has entered into a number of in-licensing initiatives that have strengthened the R&D pipeline, particularly in the later stages.

**Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

E Patteson-Brent	(Resigned on 29 September 2021)
P Spear	
D Oliinyk	(Appointed on 19 February 2022)
R Latchford	(Appointed on 7 May 2021, and resigned on 19 February 2022)

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.

**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 undertaking, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of their engagement in the business of the Company.

**Employees**

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

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

**Employees (continued)**

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

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

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

**Statement of Directors' responsibilities**

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

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

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 (KPIs);
- risks associated with COVID-19;
- post balance sheet events; and
- section 172 Companies Act 2006 statement.

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

**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.

**Corporate Governance**

As a subsidiary company of the Group which is listed on the New York and London Stock Exchanges, the Company has chosen to follow the developed governance practices and processes of the Group that are fit for purpose rather than a Corporate Governance code.

The Directors have applied an undocumented system of governance by:

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

**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.

**Employee engagement**

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

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

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

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

**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 operational risks to supply such as manufacturing site operations and materials. The Directors have taken into account that as part of the Group, the Company has already received the necessary letter of support from GlaxoSmithKline Finance plc 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.

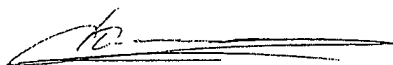
**Disclosure of information to auditor**

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

**Independent auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



Dmytro Oliinyk  
Director  
3 October 2022



**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

**Independent auditor's report to the members of Glaxo Operations UK Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, the financial statements of Glaxo Operations 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 25, including a summary of significant accounting policies as set out in Note 2.

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

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

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

**Independent auditor's report to the members of Glaxo Operations UK Limited (continued)**

**Other information**

The other information comprises the information included in the annual 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](http://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.

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.

**Glaxo Operations UK Limited  
(Registered number: 00711851)**

**Independent auditor's report to the members of Glaxo Operations UK Limited (continued)**

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

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 and the Foreign Corrupt Practices Act.

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, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated 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.

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

**Independent auditor's report to the members of Glaxo Operations 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 that the senior statutory auditor's name should not be stated.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a smaller, simpler font.

Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
3 October 2022

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

**Statement of comprehensive income**  
**for the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Turnover	4	629,468	578,256
Cost of sales		(614,343)	(529,253)
Gross profit		15,125	49,003
<b>Operating profit</b>	5	15,125	49,003
<b>Profit before interest and taxation</b>		15,125	49,003
Finance income	7	6	-
Finance expense	8	(677)	(1,336)
<b>Profit before taxation</b>		14,454	47,667
Taxation	9	25,870	(6,238)
<b>Profit for the year</b>		40,324	41,429

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 Operations UK Limited**  
**(Registered number: 00711851)**

**Balance sheet**  
**as at 31 December 2021**

	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	10	840,857	829,096
Right of use assets	11	882	528
Intangible assets	12	66,412	63,876
Prepayments	15	8,499	9,634
Deferred tax asset	9	146,874	94,151
<b>Total non-current assets</b>		<b>1,063,524</b>	<b>997,285</b>
<b>Current assets</b>			
Inventories	13	26,316	26,286
Trade and other receivables	14	375,799	343,032
Prepayments	15	13,565	15,240
<b>Total current assets</b>		<b>415,680</b>	<b>384,558</b>
<b>Total assets</b>		<b>1,479,205</b>	<b>1,381,843</b>
<b>Current liabilities</b>			
Trade and other payables	16	(340,489)	(321,090)
Corporation tax		(26,715)	(27,373)
Accruals	18	(61,990)	(60,473)
Short-term borrowings	17	(319)	(303)
Provisions for liabilities within one year	19	(58,805)	-
Bank overdraft		-	(279)
<b>Total current liabilities</b>		<b>(488,319)</b>	<b>(409,518)</b>
<b>Net current liabilities</b>		<b>(72,638)</b>	<b>(24,960)</b>
<b>Total assets less current liabilities</b>		<b>990,886</b>	<b>972,325</b>
<b>Non-current liabilities</b>			
Provisions for liabilities	19	(13,876)	(35,975)
Long-term borrowings	17	(568)	(232)
<b>Total non-current liabilities</b>		<b>(14,444)</b>	<b>(36,207)</b>
<b>Total liabilities</b>		<b>(502,763)</b>	<b>(445,725)</b>
<b>Net assets</b>		<b>976,442</b>	<b>936,118</b>
<b>Equity</b>			
Share capital	20	625,000	625,000
Retained earnings		351,442	311,118
<b>Shareholder's equity</b>		<b>976,442</b>	<b>936,118</b>

The financial statements on pages 11 to 27 were approved by the Board of Directors on 3 October 2022 and were signed on its behalf by:



Dmytro Oliinyk  
**Director**

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

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

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Shareholder's equity £'000</b>
<b>At 1 January 2020</b>	625,000	269,689	<b>894,689</b>
Profit and total comprehensive income for the year	-	41,429	<b>41,429</b>
<b>At 31 December 2020</b>	<b>625,000</b>	<b>311,118</b>	<b>936,118</b>
Other movements	-	(308)	<b>(308)</b>
Profit and total comprehensive income for the year	-	40,324	<b>40,324</b>
<b>At 31 December 2021</b>	<b>625,000</b>	<b>351,134</b>	<b>976,134</b>

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

**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 principal activities of the Company are the manufacture and distribution of ethical human pharmaceutical products. 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.

**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 operational risks to supply such as manufacturing site operations and materials. The Directors have taken into account that as part of the Group, already received the necessary letter of support from GlaxoSmithKline Finance plc 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';
- 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'.



**Glaxo Operations UK Limited**  
(Registered number: 00711851)

**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 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).

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 company**

The Company is a subsidiary of the ultimate parent company. 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) 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.

**Glaxo Operations 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)**

**(d) Turnover**

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

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

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

**(e) Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Shipment costs on inter-company transfers are charged to cost of sales.

Restructuring costs are recognised and provided for, where appropriate, in respect of the direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

**(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. Property, plant and equipment used for research and development are capitalised and depreciated in accordance with the Company's policy.

**(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) Property, plant and equipment**

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

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

Freehold buildings	20 to 50 years
Plant, equipment and vehicles	3 to 20 years

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

**(i) Intangible assets**

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

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

**(j) Financial assets**

Financial assets are measured at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

**(k) Impairment of financial assets**

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

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

**(l) 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 statement of comprehensive income in the year concerned.

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

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

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

**(m) Leases**

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

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

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

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

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

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

**(n) Inventories**

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

**(o) 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.

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

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

**(p) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**(q) 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.

**(r) 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.

**(s) Provisions for liabilities**

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

**(t) Share capital**

Ordinary shares are classified as equity.

**3 Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

**4 Turnover**

Analysis of turnover by geography:

	2021 £'000	2020 £'000
Rest of Europe	370,464	387,222
United Kingdom	259,004	191,034
	<b>629,468</b>	<b>578,256</b>

Analysis of turnover by category:

	2021 £'000	2020 £'000
Pharmaceuticals	629,468	578,256

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

**5 Operating profit**

	2021 £'000	2020 £'000
<b>The following items have been charged / (credited) in operating profit:</b>		
Depreciation of property, plant and equipment/right of use assets:		
Owned assets	65,470	75,817
Right of use assets	441	493
Impairment of property, plant and equipment	86,854	46,106
Reversal of impairment of property, plant and equipment	(59,326)	(10,873)
Amortisation of intangible assets	12,755	15,801
Research and Development expenditure	1,785	527
Inventories:		
Cost of inventories included in cost of sales	352,386	306,175
Write-down of inventories	7,734	1,070
Reversal of prior year write-down of inventories	(248)	(1,249)
Management fee	346,122	328,401
Auditor's UK firm	214	204
Costs associated with significant restructuring included in cost of sales	505	5,780

Costs associated with significant restructuring relate to charges incurred under the operational excellence programme impacting above site manufacturing staff.

The reversals of prior year write-downs of inventories principally arise from the reassessment of usage or demand expectations prior to inventory expiration.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditor remuneration of £214,000 (2020: £204,000).

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

**6 Employees**

All UK employees 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.

	2021 £'000	2020 £'000
<b>Employee costs</b>		
Wages and salaries	261,988	263,401
Severance costs	12,683	(1,945)
Social security costs	23,771	24,624
Share based payments	23,038	17,422
	<b>321,480</b>	<b>303,502</b>

The average monthly number of persons employed by the Company (including Directors) during the year.

	2021 Number	2020 Number
<b>Manufacturing</b>	<b>3,230</b>	<b>3,534</b>

The average number of employees exclude temporary and contract staff.

GlaxoSmithKline Services Unlimited operates hybrid pension schemes for all of the Group's UK employees. These schemes include defined benefit arrangements where the assets are held independently of the Group's finances and which are funded partly by contributions from members and partly by contributions from GlaxoSmithKline Services Unlimited at rates advised by independent professionally qualified actuaries.

The management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company which includes an element relating to:

- obligation to provide shares to the employees when they exercise their options or awards; and
- the pension arrangements for the Group's UK employees calculated as if the arrangements were on a defined contribution basis. However, the sponsoring employer does not recharge the net defined benefit cost to other entities within the Group. As such, the sponsoring employer accounts for the entire scheme as a defined benefit scheme in accordance with IAS 19 "Employee benefits".

Full details of the UK pension schemes and employee share schemes can be found in the directors' report and financial statements of GlaxoSmithKline Services Unlimited for the year ended 31 December 2021.

**7 Finance income**

	2021 £'000	2020 £'000
On loans with Group undertakings	7	-
<b>Total finance income</b>	<b>7</b>	<b>-</b>

**8 Finance expense**

	2021 £'000	2020 £'000
On loans with Group undertakings	(667)	(1,326)
Interest expense arising on lease liabilities	(10)	(10)
<b>Total finance expense</b>	<b>(677)</b>	<b>(1,336)</b>

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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 on profit</b>		
Current tax:		
UK corporation tax at 19.00% (2020: 19.00%)	30,154	28,985
Adjustments in respect of previous years	(3,300)	(7,912)
Total current tax charge	26,854	21,073
Deferred tax:		
Origination and reversal of timing differences	(28,305)	(12,910)
Adjustments in respect of previous years	4,038	6,627
Change in tax rate - impact on deferred tax	(28,457)	(8,552)
Total deferred tax	(52,724)	(14,835)
Total tax (credit)/ charge for the year	(25,870)	6,238

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:

<b>Reconciliation of total tax charge</b>	£'000	£'000
Profit before tax	14,454	47,667
Tax on ordinary activities at the UK statutory rate 19.00% (2020: 19.00%)	2,746	9,057
Effects of:		
Expenses not deductible for tax purposes	6,105	7,439
Income not taxable	(209)	(421)
Adjustments to tax charge in respect of previous years	738	(1,285)
Impact of tax rate change	(35,250)	(8,552)
Total tax (credit)/ charge for the year	(25,870)	6,238

Factors that may affect future tax rates:

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 asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

On 23 September 2022 the Chancellor has proposed changes to cancel the increase in the main rate of UK corporation tax from 25%, which was to be effective from 1 April 2023, and maintain the existing rate of 19%. These changes have not yet been substantively enacted and are therefore not included in the figures above.

The overall effect of the further changes from 25% to 19%, if these applied to the deferred tax balance at 31 December 2021, would be to reduce the deferred tax asset by approximately £35 million.

**Movement in deferred tax assets and liabilities**

	Accelerated capital allowances £'000	Other net temporary differences £'000	Total £'000
At 1 January 2020	59,585	19,731	79,316
Credit to income statement	25,357	(10,523)	14,834
At 1 January 2021	84,942	9,208	94,150
Credit to income statement	46,712	6,012	52,724
At 31 December 2021	131,654	15,220	146,874



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

**9 Taxation (continued)**

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

	2021 £'000	2020 £'000
Deferred tax assets classified as non-current assets	146,874	94,150
	146,874	94,150

**10 Property, plant and equipment**

	Land and buildings £'000	Plant and equipment £'000	Assets in construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	328,525	1,307,660	178,277	1,814,462
Additions	-	16	96,161	96,177
Disposals to third parties	-	(15,052)	(1,690)	(16,742)
Write-offs	(6,474)	(57,022)	-	(63,496)
Asset Retirement Obligations	-	17,000	-	17,000
Reclassifications (Note 12)	25,773	120,056	(150,993)	(5,164)
At 31 December 2021	347,824	1,372,658	121,755	1,842,237
<b>Accumulated depreciation</b>				
At 1 January 2021	(166,406)	(718,119)	-	(884,525)
Charge for the year	(12,101)	(53,369)	-	(65,470)
Disposals to third parties	-	2,051	-	2,051
Write-offs	4,449	44,140	-	48,589
Reclassifications (Note 12)	-	(32)	-	(32)
At 31 December 2021	(174,058)	(725,329)	-	(899,387)
<b>Accumulated impairment</b>				
At 1 January 2021	(17,553)	(49,262)	(34,026)	(100,841)
Charge for the year	(11,454)	(69,720)	(5,680)	(86,854)
Impairment reversal	5,089	54,237	-	59,326
Disposals to third parties	-	13,000	-	13,000
Write-offs	2,025	11,351	-	13,376
Reclassifications	(1,156)	1,156	-	-
At 31 December 2021	(23,049)	(39,238)	(39,706)	(101,993)
Total depreciation and impairment at 31 December 2021	(197,107)	(764,567)	(39,706)	(1,001,380)
Net book value at 1 January 2021	144,566	540,279	144,251	829,096
Net book value at 31 December 2021	150,717	608,091	82,049	840,857

During the year, the net book value of property, plant and equipment has increased by £11,761,000 which is primarily due to recognition of an asset retirement obligation for site decommissioning due to the divestment of cephalosporin antibiotics business to Sandoz.

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

**11 Right of use assets**

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Net book value</b>			
At 1 January 2021	308	220	528
Additions	32	763	795
Depreciation	(227)	(214)	(441)
At 31 December 2021	113	769	882

The total cash outflow for leases amounted to £435,000.

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

**12 Intangible assets**

	Computer software £'000
<b>Cost</b>	
At 1 January 2021	263,455
Additions	11,510
Reclassifications (Note 10)	5,164
Write-offs	(19,912)
At 31 December 2021	260,217
<b>Accumulated amortisation</b>	
At 1 January 2021	(199,471)
Charge for the year	(12,755)
Reclassifications (Note 10)	32
Disposals and write-offs	19,043
At 31 December 2021	(193,151)
<b>Accumulated impairment</b>	
At 1 January 2021	(108)
Impairment charge for the year	(1,408)
Assets written off	862
At 31 December 2021	(654)
<b>Total amortisation and impairment at 31 December 2021</b>	<b>(193,805)</b>
<b>Net book value at 1 January 2021</b>	<b>63,876</b>
<b>Net book value at 31 December 2021</b>	<b>66,412</b>

Intangible asset amortisation is recorded within cost of sales in the statement of comprehensive income.

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

**13 Inventories**

	2021 £'000	2020 £'000
Raw materials and consumables	15,389	15,073
Finished goods	10,927	11,213
	<b>26,316</b>	<b>26,286</b>

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

**14 Trade and other receivables**

	2021 £'000	2020 £'000
<b>Amounts due within one year</b>		
Trade receivables	832	809
Amounts owed by Group undertakings	360,819	333,477
Other receivables	14,148	8,746
	<b>375,799</b>	<b>343,032</b>

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand, except for a call account balance with GlaxoSmithKline IHC Limited of £221,499,000 (2020: £19,585,000) which is unsecured with interest received at LIBOR rate minus 0.125% (2020: at LIBOR rate minus 0.125%) per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate less 0.025% per annum (2020: LIBOR rate less 0.125% per annum).

**15 Prepayments**

	2021 £'000	2020 £'000
Amounts due within one year	13,565	15,240
Amounts due after more than one year	8,499	9,634
	<b>22,064</b>	<b>24,874</b>

**16 Trade and other payables**

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Trade payables	94,970	72,938
Amounts owed to Group undertakings	245,469	248,067
Other payables	50	85
	<b>340,489</b>	<b>321,090</b>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand, except for a call account balance with GlaxoSmithKline Finance plc of £244,203,000 (2020: £243,537,000) which is unsecured and repayable on demand with interest paid at LIBOR rate plus 0.25% (2020: 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 plus 0.25% per annum).

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

**17 Borrowings**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Lease Liabilities	<b>319</b>	<b>303</b>
<b>Amounts falling due for more than one year</b>		
Lease Liabilities	<b>568</b>	<b>232</b>
	<b>887</b>	<b>535</b>

**18 Accruals**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year	<b>61,990</b>	<b>60,473</b>

**19 Provisions for liabilities**

	<b>Total</b>
	<b>£'000</b>
At 1 January 2020	54,691
Charge	28,073
Reversed	(21,949)
Utilised	(24,840)
At 31 December 2020	35,975
Charge	76,138
Reversed	(13,239)
Utilised	(26,193)
At 31 December 2021	<b>72,681</b>

The provisions relates to restructuring provision which includes cost of severance and pension augmentation for £55,681,000 and asset retirement obligations for £17,000,000.

**20 Share capital**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Number of</b>	<b>Number of</b>	<b>£'000</b>	<b>£'000</b>
	<b>shares</b>	<b>shares</b>		
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each (2020: £1 each)	<b>625,000,000</b>	625,000,000	<b>625,000</b>	625,000

**21 Commitments**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital commitments</b>		
<b>Contracted for but not provided in the financial statements</b>		
Property, plant and equipment	<b>47,535</b>	<b>30,041</b>

**Glaxo Operations UK Limited**  
**(Registered number: 00711851)**

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

**22 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.

**23 Events after the end of reporting period**

On 23 September 2022 the Chancellor has proposed changes to cancel the increase in the main rate of UK corporation tax from 25%, which was to be effective from 1 April 2023, and maintain the existing rate of 19%. These changes have not yet been substantively enacted and are therefore not included in note 9 for taxation. The overall effect of the further changes from 25% to 19%, if these applied to the deferred tax balance at 31 December 2021, would be to reduce the deferred tax asset by approximately £35 million.

**24 Directors' remuneration**

During the year, the Directors of the Company were remunerated as executives of the Group. They received no remuneration in respect of their services to the Company (2020: £nil).

**25 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 with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.