

**GlaxoSmithKline Export Limited**  
(Registered Number 2433585)

**Annual Report and Financial Statements**

**For the year ended 31st December 2010**

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



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**GlaxoSmithKline Export Limited**

**Annual Report and Financial Statements**

**For the year ended 31st December 2010**

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**GlaxoSmithKline Export Limited**  
**(Registered Number 2433585)**

**Directors' Report for the year ended 31st December 2010**

The Directors submit their report and the audited financial statements for the year ended 31st December 2010

**Principal activities**

The principal activity of GlaxoSmithKline Export Limited (the Company) is the promotion and sale overseas of pharmaceutical and consumer products purchased from subsidiary undertakings of GlaxoSmithKline Group ("the Group")

The Company is responsible for the Group's exports from the UK to subsidiary undertakings and third parties. It is also responsible for certain imports from overseas subsidiary undertakings. In support of these sales and in addition to its own costs, the Company bears appropriate related expenses recharged by the Group, including a fee relating to distribution rights. The Company operates overseas representative offices.

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 on ordinary activities after taxation of £108 million (2009 - profit of £104.1 million). 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 retained profit for the financial year of £108 million will be transferred to reserves (2009 - retained profit for the year of £104.1 million transferred to reserves).

**Principal risks and uncertainties**

The Directors of GlaxoSmithKline plc manage the risks of the GlaxoSmithKline Group ("the Group") at a group level, rather than at an individual business unit level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2010 Annual Report which does not form part of this report.

**Key performance indicators (KPIs)**

The Directors of GlaxoSmithKline plc manage the Group's operations on a business sector basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2010 Annual Report which does not form part of this report.

**Results and dividends**

The Company's results for the financial year are shown in the profit and loss account on page 4.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2010 (2009 - £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:

Mr P F Blackburn	
Mr A Grist	Resigned on 20th October 2010
Mr J S Heslop	
Mr D Davis	Appointed on 16th August 2010

**Directors' indemnity**

Each of the Directors benefit from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Directors 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 his or her engagement in the business of the Company.

**GlaxoSmithKline Export Limited**  
**(Registered Number 2433585)**

**Directors' Report for the year ended 31st December 2010 (continued)**

**Payment Policy**

The Company operates procedures to ensure that suppliers are paid on time. In particular, the Company seeks

- to settle terms of payment with suppliers when agreeing the terms of the transaction,
- to ensure that suppliers are made aware of the agreed terms of payment, and
- to abide by the terms of payment

The procedures include arrangements for accelerated payment of small suppliers

**Payment performance**

Trade creditors at 31st December 2010 represented 16 days of annual purchases for the Company (2009 - 27 days)

**Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements**

The Directors are responsible for preparing the Annual 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 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 year.

In preparing those financial statements the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements

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

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent auditors**

PricewaterhouseCoopers LLP are deemed to be re-appointed in accordance with an elective resolution made under s386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

By order of the Board



**F Williamson**  
**For and on behalf of Edinburgh Pharmaceutical Industries Limited**  
**Assistant Company Secretary**  
14 June 2011

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLAXOSMITHKLINE EXPORT LIMITED**

We have audited the financial statements of GlaxoSmithKline Export Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

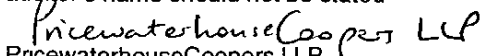
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

The Company has passed resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

14 June 2011

**GlaxoSmithKline Export Limited**

**Profit and Loss Account**

**For the year ended 31st December 2010**

		<b>2010</b>	<b>2009</b>
	<i>Notes</i>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>5,557,729</b>	5,514,555
Cost of sales		<b>(5,044,296)</b>	(4,920,826)
Gross profit		<b>513,433</b>	593,729
Selling and distribution costs		<b>(18,173)</b>	(14,947)
Administrative expenses		<b>(96,933)</b>	(208,190)
Net other operating expenses	<b>4</b>	<b>(250,923)</b>	(227,206)
<b>Operating profit</b>	<b>5</b>	<b>147,404</b>	143,386
Profit on disposal of fixed assets		<b>73</b>	189
Profit before interest and taxation		<b>147,477</b>	143,575
Interest receivable and similar income	<b>6</b>	<b>3,405</b>	2,298
Interest payable and similar charges	<b>7</b>	<b>(72)</b>	(797)
<b>Profit on ordinary activities before taxation</b>		<b>150,810</b>	145,076
Taxation on profit on ordinary activities	<b>8</b>	<b>(42,782)</b>	(40,929)
<b>Profit for the financial year</b>		<b>108,028</b>	104,147

The results disclosed above relate entirely to continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

**GlaxoSmithKline Export Limited**

**Statement of Total Recognised Gains and Losses  
For the year ended 31st December 2010**

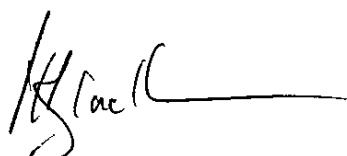
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the financial year</b>	<b>108,028</b>	<b>104,147</b>
<b>Exchange movement on overseas net assets</b>	<b>5</b>	<b>(43)</b>
<b>Total gains and losses recognised</b>	<b>108,033</b>	<b>104,104</b>

**GlaxoSmithKline Export Limited**

**Balance Sheet  
As at 31st December 2010**

		<b>2010</b>	<b>2009</b>
	<i>Notes</i>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	9	8,128	6,590
<b>Current assets</b>			
Stocks	10	220,414	213,130
Debtors amounts receivable within one year	11	1,980,554	2,842,586
Debtors amounts receivable after one year	11	11,085	14,006
Cash at bank and in hand		70,810	49,909
		<b>2,282,863</b>	<b>3,119,631</b>
Creditors amounts falling due within one year	12	(1,826,768)	(2,770,533)
<b>Net current assets</b>		<b>456,095</b>	<b>349,098</b>
<b>Total assets less current liabilities</b>		<b>464,223</b>	<b>355,688</b>
Creditors amounts falling due after one year	12	(20,027)	(19,525)
<b>Net assets</b>		<b>444,196</b>	<b>336,163</b>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	444,196	336,163
<b>Total shareholders' funds</b>	16	<b>444,196</b>	<b>336,163</b>

The accounts on pages 4 to 12 were approved by the Board of Directors on 14th June 2011 and were signed on its behalf by



P Blackburn  
Director



**GlaxoSmithKline Export Limited**

**Notes to the Financial Statements for the year ended 31st December 2010**

**1 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below

**(a) Basis of accounting**

These financial statements have been prepared on a going concern basis under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards

**(b) Foreign currency transactions**

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction, or at the forward rate if hedged by forward exchange contract. Foreign currency monetary assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date, or at the forward rate. Exchange differences are included in operating profit. On consolidation, assets and liabilities of the overseas branches are translated into Sterling at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves.

**(c) Revenue**

Revenue is recognised in the profit and loss account when goods or services are supplied to, or made available for collection by, external customers or other Group subsidiaries against orders received. In addition, where no supply of goods have been made on contracts which reserve the right to use production capacity, revenue is released on a periodic basis over the life of the contract. Turnover represents the net invoice value after the deduction of discounts given at the point of sale, and accruals for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored regularly in the light of historical information and past experience. Value added tax and other sales taxes are excluded from revenue.

**(d) Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising expenditure is charged to the profit and loss account as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Restructuring costs are recognised in respect of the direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

**(e) Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less provisions for depreciation or impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as a tangible fixed asset where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset.

Depreciation is calculated to write off the cost of tangible fixed assets, in equal annual instalments over their expected useful lives. The normal expected useful lives of the major categories of tangible fixed assets are:

Plant and machinery	3 to 10 years
Fixtures and equipment	3 to 10 years
Motor vehicles	4 years
Computer software	3 years

On disposal of a tangible fixed asset, the cost and related accumulated depreciation are removed from the financial statements and the net amount, less any proceeds, is taken to the profit and loss account.

**(f) Impairment of fixed assets**

The carrying values of fixed assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged against profit in the year concerned.

**(g) Leases**

All leases are operating leases and the annual rentals are charged against profit on a straight-line basis over the lease term.

**(h) Stocks**

Stocks are included in the financial statements at the lower of cost (including manufacturing overheads, where appropriate) and net realisable value. Cost is generally determined on a first in, first out basis.

# GlaxoSmithKline Export Limited

## Notes to the Financial Statements for the year ended 31st December 2010 (continued)

### (i) Taxation

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

The Company accounts for taxation which is deferred or accelerated by reason of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax on the retained earnings of overseas subsidiaries is only provided when there is a binding commitment to distribute past earnings in future periods.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax liabilities and assets are not discounted.

### 2 Segmental information

Analysis of turnover by business sector

	2010 £'000	2009 £'000
Pharmaceuticals	4,992,932	4,984,968
Consumer Healthcare	564,797	529,587
	<b>5,557,729</b>	<b>5,514,555</b>

Analysis of turnover by business sector

	Pharmaceuticals		Consumer Healthcare	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Sales to third party customers	1,094,528	1,006,898	119,972	102,573
Sales to group companies	3,898,404	3,978,070	444,825	427,014
	<b>4,992,932</b>	<b>4,984,968</b>	<b>564,797</b>	<b>529,587</b>

Analysis of turnover by location of customer

	2010 £'000	2009 £'000
Europe	4,083,535	4,254,923
Asia and Far East	346,994	276,064
Africa and Middle East	603,535	469,259
North America	218,072	353,937
Latin America	281,520	139,787
Australasia	24,073	20,585
	<b>5,557,729</b>	<b>5,514,555</b>

Turnover by geographical segment comprises

	Sales to third party customers		Sales to group companies	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Europe	461,681	576,023	3,621,854	3,678,900
Asia and Far East	28,702	21,024	318,292	255,040
Africa and Middle East	495,453	392,769	108,082	76,490
North America	6,653	29,564	211,419	324,373
Latin America	222,011	90,091	59,509	49,696
Australasia	-	-	24,073	20,585
	<b>1,214,500</b>	<b>1,109,471</b>	<b>4,343,229</b>	<b>4,405,084</b>

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

**GlaxoSmithKline Export Limited**

**Notes to the Financial Statements for the year ended (continued)**

**3 Restructuring costs**

The Group has undertaken an operational excellence programme to improve the effectiveness and productivity of its operations. The costs incurred under this programme reflect projects to eliminate unnecessary processes and simplify continuing processes, leading to staff reductions in administrative and support functions. These costs are expected to be incurred over the period from 2007 to 2013.

The analysis of costs incurred under this programme in 2010 and 2009 is as follows:

	2010 £'000	2009 £'000
Administrative expenses	3,134	3,524
Other operating expense	219	-
Effect on Operating Profit	3,353	3,524
Effect on Earnings	3,353	3,524

**4 Net other operating expenses**

	2010 £'000	2009 £'000
Third party royalties and other income	(8,058)	(1,285)
Royalties payable and other charges from Group undertakings	258,981	228,491
	250,923	227,206

Royalties payable and other charges comprise royalty payments for which the associated intellectual property is held by other group undertakings.

**5 Operating profit**

	2010 £'000	2009 £'000
<b>The following items have been charged/(credited) in operating profit</b>		
Depreciation of tangible fixed assets		
Owned assets	2,582	1,797
Exchange losses on foreign currency transactions	47,112	187,655
Operating lease rentals		
Land and buildings	1,140	1,587
Management fee	5,252	4,912
Audit fees		
Auditors' UK firm	323	325

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. In the current year, GlaxoSmithKline Services Unlimited made a special contribution to the Group pension scheme of £365,160,000 (2009 - £331,960,000) which has been allocated to the various UK operating companies in accordance with the management fee arrangement. This allocation resulted in a charge of £129,673,000 (2009 - £125,842,000) in the current year which has in turn been recharged to certain other Group entities.

**6 Interest receivable and similar income**

	2010 £'000	2009 £'000
Interest income on bank deposits	38	384
On loans with Group undertakings	3,367	1,914
	3,405	2,298

**GlaxoSmithKline Export Limited**

**Notes to the Financial Statements for the year ended 31st December 2010 (continued)**

**7 Interest payable and similar charges**

	<b>2,010</b>	<b>2,009</b>
	<b>£'000</b>	<b>£'000</b>
On loans with Group undertakings	(71)	(788)
On other loans	(1)	(9)
	<b>(72)</b>	<b>(797)</b>

**8 Taxation**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Taxation charge based on profits for the year</b>		
UK corporation tax at 28% (2009 28%)	<b>42,555</b>	42,008
Under/(Over) provision in previous years	<b>322</b>	(1,193)
Current tax charge	<b>42,877</b>	40,815
Deferred taxation - current year credit	<b>(161)</b>	(1,306)
Deferred taxation - prior year	<b>(71)</b>	1,420
Change in tax rate - impact on deferred tax	<b>137</b>	-
Deferred taxation	<b>(95)</b>	114
<b>Total tax charge</b>	<b>42,782</b>	<b>40,929</b>

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2010 of 28% (2009 28%) The differences are explained below

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of current taxation charge</b>		
Profit on ordinary activities at the UK statutory rate 28% (2009 28%)	<b>42,227</b>	40,621
Expenses not deductible for tax purposes	<b>167</b>	81
Prior year adjustments to current tax	<b>322</b>	(1,193)
Capital allowances in excess of depreciation	<b>50</b>	(78)
Overseas tax	-	59
Double tax relief	<b>(333)</b>	(260)
Withholding tax	<b>333</b>	201
Other timing differences	<b>111</b>	1,384
<b>Current tax charge for the year</b>	<b>42,877</b>	<b>40,815</b>

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and hence the effect of the change on the deferred tax balances has been included in the figures above.

On 23 March 2011 the Chancellor announced an additional 1% reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. The effect of the change would create an additional adjustment of approximately £137k. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

Further changes to the rate are proposed to reduce the rate by one per cent per annum to 23 per cent by 1 April 2014, but have not yet been substantively enacted and therefore are not included in the figures above.

The overall effect of the further changes from 27 per cent to 23 per cent, if these applied to the deferred tax balance at 31 December 2010, would be to reduce the deferred tax asset by approximately £547,000.

**GlaxoSmithKline Export Limited**

**Notes to the Financial Statements for the year ended 31st December 2010 (continued)**

**9 Tangible fixed assets**

	Plant, equipment and vehicles £'000	Assets in construction £'000	Computer software £'000	Total £'000
<b>Cost</b>				
At 1st January 2010	25,312	-	92	<b>25,404</b>
Additions	3,034	1,308	-	<b>4,342</b>
Disposals	(687)	-	-	<b>(687)</b>
<b>At 31st December 2010</b>	<b>27,659</b>	<b>1,308</b>	<b>92</b>	<b>29,059</b>
<b>Accumulated depreciation</b>				
At 1st January 2010	(18,722)	-	(92)	<b>(18,814)</b>
Provision for the year	(2,582)	-	-	<b>(2,582)</b>
Disposals	465	-	-	<b>465</b>
<b>At 31st December 2010</b>	<b>(20,839)</b>	<b>-</b>	<b>(92)</b>	<b>(20,931)</b>
Net book value at 1st January 2010	6,590	-	-	<b>6,590</b>
Net book value at 31st December 2010	6,820	1,308	-	<b>8,128</b>

**10 Stocks**

	2010 £'000	2009 £'000
Raw materials and consumables	<b>130,156</b>	114,541
Work in progress	-	1,056
Finished goods	<b>90,258</b>	97,533
	<b>220,414</b>	213,130

The replacement cost of stock is not materially different from original cost

**11 Debtors**

	2010 £'000	2009 £'000
<b>Amounts due within one year</b>		
Trade debtors	<b>293,951</b>	558,248
Amounts owed by Group undertakings	<b>1,645,173</b>	2,232,307
Other debtors	<b>41,430</b>	52,031
	<b>1,980,554</b>	2,842,586
<b>Amount due after one year</b>		
Other debtors	<b>7,395</b>	10,411
Deferred taxation (note 13)	<b>3,690</b>	3,595
	<b>11,085</b>	14,006
	<b>1,991,639</b>	2,856,592

Loans held within the group owed by Group undertaking are unsecured, bear no interest and are receivable on demand

**GlaxoSmithKline Export Limited**

**Notes to the Financial Statements for the year ended (continued)**

**12 Creditors**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade creditors	<b>34,997</b>	57,917
Amounts owed to Group undertakings	<b>1,583,150</b>	2,431,404
Taxation	<b>42,222</b>	41,744
Other creditors	<b>64,608</b>	24,751
Accruals and deferred income	<b>101,791</b>	214,717
	<b>1,826,768</b>	2,770,533
<b>Amounts falling due after one year</b>		
Other creditors	<b>20,027</b>	19,525
	<b>1,846,795</b>	2,790,058

Loans held within the amounts owed to Group undertakings are unsecured, bear no interest and are repayable on demand. Taxation creditor contains total amounts which will be paid to fellow group companies.

**13 Deferred taxation asset**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	<b>382</b>	331
Other net timing differences	<b>3,308</b>	3,264
	<b>3,690</b>	3,595

**Deferred tax asset**

	<b>£'000</b>
At 1st January 2010	<b>3,595</b>
Change in the tax rate	<b>(137)</b>
Origination and reversal of timing differences	<b>161</b>
Deferred taxation - prior year	<b>71</b>
At 31st December 2010	<b>3,690</b>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the deferred tax asset has been recognised in these financial statements.

**14 Called up share capital**

	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Number of shares</b>	<b>Number of shares</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>				
Ordinary Shares of £1 each	<b>5,000</b>	5,000	<b>5</b>	5
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each	<b>100</b>	100	<b>-</b>	-

The total value of issued and fully paid shares in the period was £100.

**GlaxoSmithKline Export Limited**

**Notes to the Financial Statements for the year ended (continued)**

**15 Reserves**

	Profit and loss account £'000
At 1st January 2010	336,163
Profit for the financial year	108,028
Exchange movement on overseas net assets	5
At 31st December 2010	<b>444,196</b>

**16 Reconciliation of movements in shareholders' funds**

	2010 £'000	2009 £'000
Profit for the financial year	108,028	104,147
Exchange movement on overseas net assets	5	(43)
Net addition to shareholders' funds	108,033	104,104
Opening shareholders' funds	336,163	232,059
Closing shareholders' funds – equity interests	<b>444,196</b>	336,163

**17 Commitments**

**At 31 December 2010, the Company had annual commitments under non-cancellable operating leases expiring as follows**

	2010 £'000	2009 £'000
Operating leases on land and buildings which expire		
In one year or less	480	630
Between one and five years	140	776
After five years	87	43
	<b>707</b>	1,449

**18 Contingent liabilities**

	2010 £'000	2009 £'000
Indemnities, bonds and guarantees given in the ordinary course of business	3,160	4,301

Contingent liabilities represent bank guarantees issued to customers in relation to bid and performance bonds

**Group banking arrangement**

The Company, together with fellow Group undertakings has entered into a Group banking arrangement with the Company's principal bankers. 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 31st December 2010 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

## GlaxoSmithKline Export Limited

### Notes to the Financial Statements for the year ended (continued)

#### 19 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.

The following disclosure covers UK and non UK employees of the Company

	2010 £'000	2009 £'000
<b>Employee costs</b>		
Wages and salaries	57,716	51,581
Social security costs	2,408	2,046
Pension and other post retirement costs	5,317	8,229
Share based payments	1,659	914
	<b>67,100</b>	<b>62,770</b>

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

	2010	2009
Selling, general and administration	1,472	1,311

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

The Company accounts for pension costs in accordance with FRS 17 Retirement Benefits. The management fee for GlaxoSmithKline Services Unlimited for employee services provided to the Company includes an element relating to the pension arrangements for the Group's UK employees calculated as if the arrangements were on a defined contribution basis. The underlying assets and liabilities of the schemes cover a number of UK undertakings and cannot readily be split between each Group undertaking on a consistent and reliable basis.

The management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company which includes an element relating to share based payments as calculated under FRS 20 Share Based Payments.

Full details of the UK pension schemes and employee share schemes can be found in the Annual Report & Financial Statements of GlaxoSmithKline Services Unlimited for the year ended 31st December 2010.

#### 20 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 (2009 - £nil).

#### 21 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking, which are publicly available. As a wholly owned subsidiary of the ultimate parent undertaking, advantage has been taken of the exemption afforded by FRS 1 'Cash Flow Statements' (Revised 1996) not to prepare a cash flow statement.

#### 22 Ultimate parent undertaking

GlaxoSmithKline plc, registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company, are the consolidated financial statements of GlaxoSmithKline plc. Copies of the consolidated accounts can be obtained from The Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is Glaxo Group Limited.

#### 23 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by FRS 8 'Related Party Disclosures' not to disclose any related party transactions within the Group. There are no other related party transactions.



## **GlaxoSmithKline Export Limited**

### **Independent Auditors' Report to the members of GlaxoSmithKline Export Limited**

We have audited the financial statements of GlaxoSmithKline Export Limited for the year ended 31st December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, of the state of the Company's affairs at 31st December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

The Company has passed a resolution in accordance with Section 506 of the Companies Act 2006 that the auditor's name should not be stated.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

14 June 2011