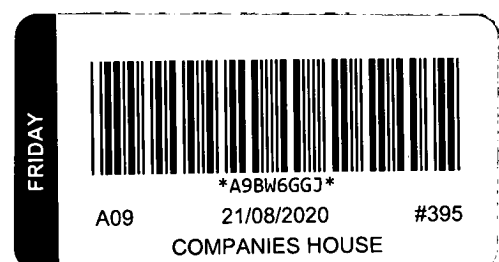


**GlaxoSmithKline Export Limited**  
(Registered number: 02433585)

**Annual report**

**for the year ended 31 December 2019**

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



**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Annual report**

**for the year ended 31 December 2019**

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**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Strategic report for the year ended 31 December 2019**

The Directors present their Strategic report on GlaxoSmithKline Export Limited (the "Company") for the year ended 31 December 2019.

**Principal activities and future developments**

The Company is a member of the GlaxoSmithKline 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 activity of the Company is the distribution of pharmaceutical products purchased from the Group to third parties, in territories where the Group does not have a legal presence. The Company also performs limited sales and marketing functions in conjunction with its distribution activities. 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 branch and representative offices based in Africa, Middle East and Eastern Europe. The largest of these offices are based in Saudi Arabia and the United Arab Emirates.

The Company disposed of its consumer business in September 2017. Therefore, the Company has disclosed its activities involving consumer healthcare products as discontinued operations.

The Directors do not envisage any further change to the nature of the business in the foreseeable future.

**Review of business**

The Company made a profit for the financial year of £24,162,000 (2018: profit of £58,769,000). 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 £24,162,000 will be transferred to reserves (2018: profit for the year of £58,769,000 transferred to reserves).

**Principal risks and uncertainties**

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

**Key performance indicators (KPIs)**

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

**GlaxoSmithKline Export Limited**  
(Registered number: 02433585)

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

**Approach to Brexit**

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

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

**Risks associated with the coronavirus outbreak**

The potential impact of the coronavirus outbreak on the Company's trading performance remains uncertain. Up to the date of this report, the outbreak has not had a material impact on the trading results of the Company. The pandemic has impacted the trading results of Vaccines during the first half of 2020 primarily in demand for Vaccines as a result of containment measures impacting customers' ability and willingness to access vaccination services across all regions. We continue to monitor the situation closely, as this is clearly a very dynamic and uncertain situation with the ultimate severity, duration and impact unknown at this point including the potential impacts on trading results. The situation could change at any time and there can be no assurance that the COVID-19 will not have a material adverse impact on the future results of the Company.

**Post balance sheet events**

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

**Section 172 Companies Act 2006 statement**

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

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

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

On behalf of the Board



D Jackson  
Director  
6 August 2020

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Directors' report for the year ended 31 December 2019**

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

**Results and dividends**

The Company's results for the financial year are shown in the statement of comprehensive income on page 10.

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

**Branch and representative offices**

The Company operates through branch and representative offices outside of the United Kingdom. These offices are mainly resident in Africa, Middle East and Eastern Europe.

**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:

D Jackson	
J Whitmore	
A Lynch	(Appointed on 26 March 2019)
A Walker	(Resigned on 2 March 2020)
A Burns	(Resigned on 25 February 2019)

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 his, her or its 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.

**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.

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

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

**Employees (continued)**

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

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

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

**Statement of Directors' responsibilities**

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), 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, including 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);
- approach to Brexit;
- risks associated with the coronavirus outbreak;
- post balance sheet events; and
- section 172 Companies Act 2006 statement.

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Directors' report for the year ended 31 December 2019 (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 2019.

**Corporate Governance**

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

The Directors have applied an undocumented system of governance by:

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

**Stakeholder Engagement**

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

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

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

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

**Employee Engagement**

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

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

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

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

**Disclosure of information to auditor**

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

**Going concern**

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

**Independent auditor**

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

On behalf of the Board



D Jackson  
Director  
6 August 2020



**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Independent auditor's report to the members of GlaxoSmithKline Export Limited**

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

**Opinion**

In our opinion, the financial statements of GlaxoSmithKline Export Limited (the 'Company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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**

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

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

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

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

We have nothing to report in respect of these matters.

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Independent auditor's report to the members of GlaxoSmithKline Export Limited (continued)**

**Other information**

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

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

We have nothing to report in respect of these matters.

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Independent auditor's report to the members of GlaxoSmithKline Export 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 this report**

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

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

*Deloitte LLP*

Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
7 August 2020

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Statement of comprehensive income**  
**for the year ended 31 December 2019**

		Continuing operations £'000	2019 Discontinued operations £'000	Total £'000	Continuing operations £'000	2018 Discontinued operations £'000	Total £'000
	Note						
Turnover	4	503,349	4,831	508,180	609,340	36,482	645,822
Cost of sales		(365,917)	541	(365,376)	(482,995)	(12,424)	(495,419)
Gross profit		137,432	5,372	142,804	126,345	24,058	150,403
Selling and distribution costs		(46,777)	(2,443)	(49,220)	(67,756)	(5,828)	(73,584)
Administrative expenses		(28,596)	(11,263)	(39,859)	(36,291)	(8,986)	(45,277)
Other operating (expenses) / income		(46,266)	9,647	(36,619)	2,255	24,586	26,841
<b>Operating profit</b>	5	<b>15,793</b>	<b>1,313</b>	<b>17,106</b>	<b>24,553</b>	<b>33,830</b>	<b>58,383</b>
<b>Profit before interest and taxation</b>		<b>15,793</b>	<b>1,313</b>	<b>17,106</b>	<b>24,553</b>	<b>33,830</b>	<b>58,383</b>
Finance income	7	130	-	130	191	-	191
Finance expense	8	(419)	-	(419)	(1,244)	-	(1,244)
Finance expense - net		(289)	-	(289)	(1,053)	-	(1,053)
<b>Profit before taxation</b>		<b>15,504</b>	<b>1,313</b>	<b>16,817</b>	<b>23,500</b>	<b>33,830</b>	<b>57,330</b>
Taxation	9	7,345	-	7,345	1,439	-	1,439
<b>Profit for the year</b>		<b>22,849</b>	<b>1,313</b>	<b>24,162</b>	<b>24,939</b>	<b>33,830</b>	<b>58,769</b>

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

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

**Balance sheet**  
**as at 31 December 2019**

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Right of use assets	11	2,447	-
Property, plant and equipment	10	2,782	4,040
Deferred tax assets	9	8,659	8,019
Other receivables	13	1,170	1,741
<b>Total non-current assets</b>		<b>15,058</b>	<b>13,800</b>
<b>Current assets</b>			
Inventories	12	66,056	62,981
Trade and other receivables	13	225,994	298,843
Cash and cash equivalents		35,533	51,744
<b>Total current assets</b>		<b>327,583</b>	<b>413,568</b>
<b>Total assets</b>		<b>342,641</b>	<b>427,368</b>
<b>Current liabilities</b>			
Trade and other payables	14	(140,530)	(212,474)
Corporation tax		(3,520)	(28,053)
Short-term borrowings	15	(1,881)	-
<b>Total current liabilities</b>		<b>(145,931)</b>	<b>(240,527)</b>
<b>Net current assets</b>		<b>181,652</b>	<b>173,041</b>
<b>Total assets less current liabilities</b>		<b>196,710</b>	<b>186,841</b>
<b>Non-current liabilities</b>			
Provisions for liabilities	16	(8,251)	(12,855)
Long-term borrowings	15	(384)	-
Other payables	14	(12,258)	(22,331)
<b>Total non-current liabilities</b>		<b>(20,893)</b>	<b>(35,186)</b>
<b>Total liabilities</b>		<b>(166,824)</b>	<b>(275,713)</b>
<b>Net assets</b>		<b>175,817</b>	<b>151,655</b>
<b>Equity</b>			
Share capital	17	-	-
Retained earnings		175,817	151,655
<b>Shareholder's equity</b>		<b>175,817</b>	<b>151,655</b>

The financial statements on pages 10 to 28 were approved by the Board of Directors on 6 August 2020 and were signed on its behalf by:



D Jackson  
Director

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

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

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2018	-	92,886	92,886
Profit and total comprehensive income for the year	-	58,769	58,769
At 31 December 2018	-	151,655	151,655
Profit and total comprehensive income for the year	-	24,162	24,162
At 31 December 2019	-	175,817	175,817

**GlaxoSmithKline Export Limited**  
(Registered number: 02433585)

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

**1 Presentation of the financial statements**

**General information**

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

The principal activity of the Company is the distribution of pharmaceutical products purchased from the Group to third parties, in territories where the Group does not have a legal presence. The Company also performs limited sales and marketing functions in conjunction with its distribution activities. 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 branch and representative offices based in Africa, Middle East and Eastern Europe. The largest of these offices are based in Saudi Arabia and the United Arab Emirates.

**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 the potential risks related to services provided by the Company. The Directors have taken into account that as part of the Group, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**Disclosure exemptions adopted**

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';

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

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

**(a) Basis of preparation (continued)**

**Disclosure exemptions adopted ( continued)**

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

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

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.



**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

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

**(b) Ultimate and immediate parent undertaking**

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

**(c) Implementation of IFRS 16 'Leases'**

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

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

The following permitted practical expedients were applied at transition:

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

The weighted average incremental borrowing rate applied to lease liabilities recognised on 1 January 2019 was 1.55%.

**(d) Foreign currency transactions**

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the statement of comprehensive income. The functional and presentation currency of the Company is Pounds Sterling.

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

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

**(e) Turnover**

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

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

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

**(f) Expenditure**

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

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

**(g) Royalty income and expenses**

Royalty income and expenses are recognised in other operating income and expenses on an accruals basis in accordance with the terms of the relevant licensing agreements.

**(h) Finance income and expense**

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

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

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

**(i) 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:

Plant, equipment and vehicles	3 to 20 years
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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.

**(j) Capitalised borrowing costs**

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as expenses in the period in which they are incurred.

**(k) 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.

**(l) 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 £2million 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.

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

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

**(l) Leases (continued)**

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

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

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

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

**(m) 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.

**(n) 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.

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

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

**(o) 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.

**(p) 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.

**(q) 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 using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**(r) 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.

**(s) Legal and other disputes**

Provision is made for the anticipated settlement costs of legal or other disputes against the Company where an outflow of resources is considered probable and a reliable estimate can be made of the likely outcome. In addition, provision is made for legal or other expenses arising from claims received or other disputes. In respect of product liability claims related to certain products, there is sufficient history of claims made and settlements to enable management to make a reliable estimate of the provision required to cover unasserted claims. In certain cases, an incurred but not reported (IBNR) actuarial technique is used to determine this estimate.

The Company may become involved in legal proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that could result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included but no provision would be made. Costs associated with claims made by the Company against third parties are charged to the statement of comprehensive income as they are incurred.

**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

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

**(t) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

Discontinued operations are presented on the statement of comprehensive income separately from continuing operations.

The amounts disclosed as discontinued operations primarily comprise of transactions in the nature of expenses incurred / provisions reversed relating to the consumer business which was disposed by the company in 2017 and is presented net of amounts recharged to the Group's Consumer Healthcare Joint Venture.

**(u) 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 following are considered to be the key accounting judgements and estimates made.

The Directors do not consider that there are any critical accounting judgements, apart from those involving estimations (which are dealt with separately below), 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.

**(a) Impairment of trade receivables**

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See Note 13 for the net carrying amount of receivables and associated impairment provision.

**(b) Legal and other disputes**

The estimated provisions take into account the specific circumstances of each dispute and relevant external advice, are inherently judgemental and could change substantially over time as each dispute progresses and new facts emerge. Details of the status and various uncertainties involved in the significant unresolved disputes are set out in Note 16 "Provisions on liabilities".

The Company provides for anticipated settlement costs relating to restructuring and legal expenses, where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice, are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

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

**3 Critical accounting judgements and key sources of estimation uncertainty (continued)**

**(b) Legal and other disputes (continued)**

The Company's Directors, having taken legal advice, have established provisions after taking into account the relevant facts and circumstances of each matter and in accordance with accounting requirements. In respect of product liability claims related to certain products there is sufficient history of claims made and settlements to enable management to make a reliable estimate of the provision required to cover unasserted claims. The Company may become involved in legal proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included, but no provision would be made and no contingent liability can be quantified.

The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations. The position could change over time and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported in the Company's financial statements by a material amount.

**(c) Inventory provisioning**

The Company sells products and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

**4 Turnover**

Analysis of turnover by geography:

	Continuing operations £'000	2019 Discontinued operations £'000	Total £'000	Continuing operations £'000	2018 Discontinued operations £'000	Total £'000
Europe	79,255	-	79,255	179,009	27,482	206,491
Asia, Far East and Oceania	34,147	-	34,147	45,221	-	45,221
Africa and Middle East	296,299	4,831	301,130	309,022	9,000	318,022
North America	5,198	-	5,198	3,110	-	3,110
Latin America and Caribbean	88,450	-	88,450	72,978	-	72,978
	<b>503,349</b>	<b>4,831</b>	<b>508,180</b>	<b>609,340</b>	<b>36,482</b>	<b>645,822</b>

All discontinued operations relate to the consumer business.

The prior year analysis of turnover by geography has been updated to correctly classify turnover by region. These changes were highlighted upon review and have no impact on the total turnover disclosed in the prior year financial statements.

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

**5 Operating profit**

	2019 £'000	2018 £'000
<b>The following items have been charged / (credited) in operating profit</b>		
Depreciation of property, plant and equipment:		
Owned assets	884	1,691
Right of use assets	963	-
Royalties payable to Group undertakings	37,069	67,810
Royalty income from Group undertakings	(12,523)	(25,328)
(Reversal) / Impairment of trade and other receivables	(2,511)	743
Gain on disposal of property, plant and equipment	332	225
Exchange loss / (gains) on foreign currency transactions	9,250	(4,274)
Inventories:		
Cost of inventories included in cost of sales	351,864	483,854
Reversal of prior year write-down of inventories	(1,817)	(11,033)
Operating lease rentals:		
Land and buildings	-	1,672
Plant, equipment and vehicles	-	457
Management fee	15	13
Audit fees		
Auditor's UK firm	409	409
Other expenses / (income)	7,795	(17,218)

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 £409,100 (2018: £409,100).

**6 Employees**

All employees of the Company are based overseas. A summary of employee costs is included below:

<b>Employee costs</b>	2019 £'000	2018 £'000
Wages and salaries	56,042	82,280
Social security costs	2,461	3,479
Other post retirement costs	1,873	4,431
Share based payments	2,164	2,154
	<b>62,540</b>	<b>92,344</b>

<b>The average number of persons employed by the Company (including Directors)</b>	2019 number	2018 number
Selling, research and development, general and administration	618	836

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

**7 Finance income**

	2019 £'000	2018 £'000
On loans with Group undertakings	93	-
Other finance income	37	191
<b>Total finance income</b>	<b>130</b>	<b>191</b>



**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

**8 Finance expense**

	2019 £'000	2018 £'000
On loans with Group undertakings	-	(569)
Other finance expense	(384)	(675)
Interest expense arising on lease liabilities	(35)	-
<b>Total finance expense</b>	<b>(419)</b>	<b>(1,244)</b>

**9 Taxation**

	2019 £'000	2018 £'000
Income tax charge / (credit) on profit		
<b>Current tax:</b>		
UK corporation tax	3,521	13,942
Overseas tax	497	-
Adjustments in respect of previous years	(10,723)	(16,297)
<b>Total current tax</b>	<b>(6,705)</b>	<b>(2,355)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(186)	(1,065)
Adjustments in respect of previous years	(454)	1,981
<b>Total deferred tax</b>	<b>(640)</b>	<b>916</b>
<b>Total tax credit for the year</b>	<b>(7,345)</b>	<b>(1,439)</b>

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

<b>Reconciliation of total tax charge</b>	2019 £'000	2018 £'000
Profit before taxation	16,817	57,330
Tax on ordinary activities at the UK statutory rate 19.00% (2018: 19.00%)	3,195	10,893
Effects of:		
Expenses not deductible for tax purposes	118	3,382
Overseas tax	497	-
Income not taxable	-	(1,524)
Adjustments to tax charge in respect of previous years - current tax	(10,723)	(2,186)
Adjustments to tax charge in respect of previous periods - deferred tax	(454)	1,981
Change in tax rate - impact on deferred tax	22	126
Adjustment in respect of TDSA payments	-	(14,111)
<b>Total tax credit for the year</b>	<b>(7,345)</b>	<b>(1,439)</b>

**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

**9 Taxation (continued)**

Factors that may affect future tax rates:

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly and increase the deferred tax asset by £1,019,000.

**Movement in deferred tax assets**

	Accelerated capital allowances £'000	Other net temporary differences £'000	Total £'000
At 1 January 2018	2,845	6,090	8,935
Credit / (charge) to statement of comprehensive income	320	(1,236)	(916)
At 1 January 2019	3,165	4,854	8,019
Credit / (charge) to statement of comprehensive income	404	236	640
<b>At 31 December 2019</b>	<b>3,569</b>	<b>5,090</b>	<b>8,659</b>

**Movement in deferred tax assets**

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

	2019 £'000	2018 £'000
Deferred tax assets classified as non-current assets	8,659	8,019
	<b>8,659</b>	<b>8,019</b>

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

**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

**10 Property, plant and equipment**

	Plant, equipment and vehicles £'000
<b>Cost</b>	
At 1 January 2019	28,855
Additions	450
Disposals	(18,633)
At 31 December 2019	10,672
<b>Accumulated depreciation</b>	£'000
At 1 January 2019	(24,815)
Disposals	17,809
Charge for the year	(884)
At 31 December 2019	(7,890)
Net book value at 1 January 2019	4,040
Net book value at 31 December 2019	2,782

**11 Right of use assets**

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Net book value</b>			
At 1 January 2019	1,766	706	2,472
Additions	910	111	1,021
Depreciation	(963)	-	(963)
Impairment	(83)	-	(83)
At 31 December 2019	1,630	817	2,447

The total cash outflow for leases amounted to £1,177,000.

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

**12 Inventories**

	2019 £'000	2018 £'000
Finished goods	66,056	62,981

**13 Trade and other receivables**

	2019 £'000	2018 £'000
<b>Amounts due within one year</b>		
Trade receivables - net of loss allowance	123,278	126,207
Amounts owed by Group undertakings	95,285	157,992
Other receivables	7,431	14,644
	225,994	298,843

**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

**13 Trade and other receivables (continued)**

	2019 £'000	2018 £'000
<b>Loss allowance</b>		
At 1 January	(26,498)	(26,244)
Reversal / (charge) for the year	2,511	(579)
Utilised	1,751	325
At 31 December	(22,236)	(26,498)

None of the trade receivable balances were considered to be credit impaired.

	2019 £'000	2018 £'000
<b>Amounts due after more than one year</b>		
Other receivables	1,170	1,741
	1,170	1,741

The amounts owed by Group undertakings are unsecured and are repayable on demand except for intercompany balances with GlaxoSmithKline IHC Ltd of £64,983,000 (2018: £4,258,000) which is unsecured with interest received at LIBOR rate less 0.125% (2018: LIBOR rate less 0.125%) per annum.

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

**14 Trade and other payables**

	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Trade payables	13,368	17,432
Amounts owed to Group undertakings	29,214	72,176
Other payables	43,096	38,849
Accruals and deferred income	54,852	84,017
	140,530	212,474
<b>Amounts falling due after more than one year</b>		
Other payables	12,258	22,331
<b>Total trade and other payables</b>	152,788	234,805

The amounts owed by Group undertakings include a call account balance with GlaxoSmithKline Finance plc of £111,0000 (2018: £111,0000 ) which is unsecured with interest charged at LIBOR rate plus 0.25% per annum (2018: LIBOR rate plus 0.25%) and payable on demand.

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

**GlaxoSmithKline Export Limited**  
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**Notes to the financial statements for the year ended 31 December 2019**

**15 Borrowings**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Lease liabilities	<b>1,881</b>	-
<b>Amounts falling due within one year</b>		
Lease liabilities	<b>384</b>	-

**16 Provisions for liabilities**

The Company had the following provisions during the year:

	<b>Restructuring and legal provision £'000</b>
At 1 January 2018	<b>19,604</b>
Charge for the year	<b>3,552</b>
Utilised	<b>(10,301)</b>
At 31 December 2018	<b>12,855</b>
Reversal for the year	<b>(2,147)</b>
Reclassifications and other movements	<b>(347)</b>
Utilised	<b>(2,110)</b>
At 31 December 2019	<b>8,251</b>

**17 Share capital**

	<b>2019 Number of shares</b>	<b>2018 Number of shares</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each (2018: £1 each)	<b>100</b>	100	-	-

**18 Contingent liabilities**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Indemnities, bonds and guarantees given in the ordinary course of business	<b>4,363</b>	5,420

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 bank. The bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the bank of any other party to this agreement. The Company's maximum potential liability as at 31 December 2019 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

**GlaxoSmithKline Export Limited**  
**(Registered number: 02433585)**

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

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

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

**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 (2018: £nil).*

**21 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 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.