

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Annual Report

for the year ended 31 December 2013

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GlaxoSmithKline Capital plc

Annual Report

for the year ended 31 December 2013

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GlaxoSmithKline Capital plc
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Strategic report for the year ended 31 December 2013

The Directors submit their strategic report for the year ended 31 December 2013.

Principal activities

GlaxoSmithKline Capital plc (the "Company"), a member of GlaxoSmithKline Group (the "Group"), issues US and Euro Medium Term Notes and provides financing and financial services to fellow members of the Group. The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a profit for the financial year of £5,985,000 (2012: £4,315,000). 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 year of £5,985,000 will be transferred to reserves (2012: profit for the year of £4,315,000 transferred to reserves).

All US and Euro Medium Term Notes in issue pay interest on a fixed rate basis.

Key performance indicators (KPIs)

The directors of GlaxoSmithKline plc manage the Group's operations on a divisional 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 2013 Annual Report that does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of GlaxoSmithKline plc, which include those of the Company, are discussed on pages 232-241 of the Group's Annual Report which does not form part of this report.

In addition to the Financial Risk Management disclosed in the Treasury Policy Note on page 13 and 14 (Note 2), at a Company level, the principal risks and uncertainties relevant to the Group and the Company's business and financial condition and results would include risks from Global and political economic conditions and Reliance on information technology.

Global and political economic conditions

Global economic growth for 2013 continued to be affected by the fallout from the international financial crisis that began in 2008. The Group has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting it or the Company, or the possibility of legal and regulatory changes in jurisdictions in which the Group or the Company operates.

Group liquidity is managed centrally by borrowing in order to meet anticipated funding requirements and investing centrally managed liquid assets in bank deposits and Aaa/AAA rated US Treasury and Treasury repo only money market funds. Group cash flow forecast and funding requirements are monitored on a monthly basis and the strategy is to have diversified liquidity sources using a range of facilities and to maintain broad access to funding markets.

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Reliance on information technology

The Company is increasingly dependent on information technology systems, including Internet-based systems, for internal communication as well as communication with financial counterparties. Any significant disruption of these systems, whether due to computer viruses or other outside incursions, could materially and adversely affect the Company's operations.

By order of the Board

P Blackburn
For and on behalf of Glaxo Group Limited
Corporate Director
28 April 2014

GlaxoSmithKline Capital plc
Registered number: (2258699)

Directors' report for the year ended 31 December 2013

The Directors submit their report and the audited financial statements for the year ended 31 December 2013.

Internal Controls and Risk Management Systems

Risk management is an important factor in the long-term success of the Group. Sound risk management to address inherent risks help protect and maintain focus on the fundamentals.

The Group's aim is to identify, assess and manage risk at all levels of the organisation. Employees are expected to take accountability for identifying and escalating encountered risks so they can be appropriately managed. This approach allows the Company to take a balanced view on the type of risk exposure whilst enabling the Company to pursue its strategic objectives. This is further explained on pages 18-19 of the Group's 2013 Annual report that does not form part of this report.

Share capital structure

The Company's share capital structure consists of fully paid up ordinary shares as detailed in Note 10.

Results and dividend

The Company's results for the financial year are shown in the profit and loss account on page 8.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31 December 2013 (2012: £nil).

Directors and their interests

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

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited
Mr S P Dingemans

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business, with the exception of the Corporate Directors, where such an interest may arise in the ordinary course of business.

The following interests of the Directors in office at the year-end in the shares of the ultimate parent undertaking, GlaxoSmithKline plc, have been notified to the Company.

Name	Ordinary Shares			
	At 31.12.12	Acquired	Disposed	At 31.12.13
Mr S P Dingemans	40,392	212	-	40,604
Share options	At 31.12.12	Granted	Dividends reinvested	At 31.12.13
Mr S P Dingemans	310	216	-	526
Performance Share Plan awards	At 31.12.12	Granted	Dividends reinvested	At 31.12.13
Mr S P Dingemans	385,626	192,613	33,062	611,301

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Directors' report for the year ended 31 December 2013

Deferred Annual Bonus Plan	At 31.12.12	Granted	Dividends reinvested	At 31.12.13
Mr S P Dingemans	59,940	24,424	4,172	88,536

All share awards are over Ordinary shares of GlaxoSmithKline plc.

The details of the above-mentioned Plans are disclosed in the 2013 Annual Report of GlaxoSmithKline plc.

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 duties.

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared 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 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; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in 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.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company GlaxoSmithKline Finance plc. The Directors have received confirmation that GlaxoSmithKline Finance plc intends to support the Company for at least one year after these financial statements are signed. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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Directors' report for the year ended 31 December 2013

Future developments

Disclosure of expected future developments of the business has been included in the strategic report on page 1.

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's 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 willing to continue in office as auditors and resolutions dealing with their reappointment and remuneration will be proposed at a General Meeting of the Company.

By order of the Board

P Blackburn
For and on behalf of Glaxo Group Limited
Corporate Director
28 April 2014

GlaxoSmithKline Capital plc

Independent auditors' report to the members of GlaxoSmithKline Capital plc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by GlaxoSmithKline Capital plc, comprise

- the balance sheet as at 31 December 2013;
- the profit and loss account and statement of total recognised gains and losses for the year then ended;
- the cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

- 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 information given in the Corporate Governance Statement set out in the Directors' Report with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

GlaxoSmithKline Capital plc

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exception to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the company. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2014

Notes:

- (a) The maintenance and integrity of the GlaxoSmithKline plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

GlaxoSmithKline Capital plc

Profit and loss account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Operating (loss)/profit	3	(656)	51
Interest receivable and similar income	4	422,225	431,976
Interest payable and similar charges	5	(413,739)	(426,275)
Net interest receivable		8,486	5,701
Profit on ordinary activities before taxation		7,830	5,752
Tax on profit on ordinary activities	6	(1,845)	(1,437)
Profit for the financial year	11	5,985	4,315

The results disclosed above for both the current year and prior year relate entirely to continuing operations.

There is no difference in either the current year or prior year between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

GlaxoSmithKline Capital plc

Statement of total recognised gains and losses for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Profit for the financial year		5,985	4,315
Fair value loss on cash flow hedges	11	-	(4,880)
Cash flow hedge reserve recycled to profit and loss account	11	596	418
Total recognised gains and losses relating to the year		6,581	(147)

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Balance sheet as at 31 December 2013

	Notes	2013 £'000	2012 £'000
Current assets			
Debtors: amounts due after one year	7	9,981,921	9,963,297
Debtors: amounts due within one year	7	172,863	159,141
Debtors	7	10,154,784	10,122,438
Cash at bank and in hand		4	2
		10,154,788	10,122,440
Creditors: amounts falling due within one year	8	(129,478)	(131,863)
Net current assets		10,025,310	9,990,577
Creditors: amounts falling due after more than one year	8	(10,022,080)	(9,993,928)
Net assets/(liabilities)		3,230	(3,351)
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	14,025	8,040
Cash flow hedge reserve	11	(10,895)	(11,491)
Total shareholders' funds/(deficit)	12	3,230	(3,351)

The financial statements on pages 8 to 22 were approved by the Board of Directors on 28 April 2014 and were signed on its behalf by:

P Blackburn
For and on behalf of Glaxo Group Limited
Corporate Director

GlaxoSmithKline Capital plc

Cash flow statement for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash outflow from operating activities	14	(4,297)	(1,096)
Returns on investments and servicing of finance			
Interest paid		(402,064)	(420,953)
Interest received		421,392	436,120
Fair value loss on cash flow hedges		-	(4,880)
Net cash inflow from returns on investments and servicing of finance		19,328	10,287
Financing			
Long-term loans issued		-	4,429,763
New long-term loans with Group undertakings		-	(4,431,089)
Repayment of short-term loans		-	(2,425,571)
Repayment of short-term loans with Group undertakings		-	2,410,128
(Decrease)/increase in loans with Group undertakings		(15,029)	7,576
Net cash outflow from financing		(15,029)	(9,193)
Increase/(decrease) in cash in the year		2	(2)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year		2	(2)
Cash outflow from amounts owed by Group undertakings	15	15,029	2,013,385
Cash inflow from loans issued	15	-	(4,429,763)
Cash outflow from repayment of short-term loans	15	-	2,425,571
Changes in net debt resulting from cash flows		15,031	9,191
Foreign currency translation differences	15	(612)	94
Amortisation of bond issue costs	15	(10,406)	(10,063)
Movement in net debt for the year		4,013	(778)
Net debt as at 1 January		(4,713)	(3,935)
Net debt as at 31 December		(700)	(4,713)

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Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. In addition, the Company has taken advantage of the exemption within FRS 29, 'Financial Instruments: Disclosure' from the disclosure requirements of this standard on the basis that the Company's results are included in the publicly available consolidated financial statements of GlaxoSmithKline plc and its subsidiaries (the "Group"), which include disclosures that comply with IFRS 7, 'Financial Instruments: Disclosures', which is equivalent to FRS 29.

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention, on a going concern basis, due to continued financial support from the intermediate parent company, GlaxoSmithKline Finance plc, and in accordance with the accounting policies set out below, which have been applied consistently throughout the year and the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

(b) Foreign currency transactions

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into local currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in operating profit/(loss).

(c) Dividends paid and received

Interim dividends paid and received are included in the profit and loss account in the year in which the related dividend is actually paid or received. Final dividends are recorded in the profit and loss account upon shareholder approval.

(d) Interest

Interest receivable and similar income and interest payable and similar charges are recognised on an accruals basis.

(e) Bond expenses

Bond expenses are included as a component of the debt principal and are amortised using the effective interest rate over the term of the debt.

(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.

(g) Debt instruments

Debt instruments are stated at the amount of net proceeds adjusted to amortise the finance cost of debt using the effective interest rate method over the term of the debt.

(h) Taxation

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively 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 recognised as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not

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Notes to the financial statements for the year ended 31 December 2013

that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

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 based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax liabilities and assets are not discounted.

(i) Derivative financial instruments

Derivative financial instruments are used to manage exposure to market risks from treasury operations. The principal derivative instruments used by the Company are foreign currency swaps and foreign exchange forward contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are initially recognised in the balance sheet at fair value on inception and then remeasured at subsequent reporting dates (being the revaluation to rates of exchange ruling at the balance sheet date). Fair value movements are recognised in the profit and loss account. The swap interest receivable or payable is recognised on an accruals basis.

2 Treasury policies

Corporate Treasury policies noted below are those operated by GlaxoSmithKline Capital plc.

The Company's role in managing the Group's objectives is primarily to manage the Group's external funding requirements and the resulting financial risk. The Company's ultimate parent undertaking, GlaxoSmithKline plc, is a UK-based business, reporting in Sterling and paying dividends out of Sterling profits.

The role of Corporate Treasury is to monitor and manage the Group's external and internal funding requirements and financial risks in support of the Group's strategic objectives. Treasury activities are governed by policies and procedures approved by the Group's Board of Directors, most recently on 10 July 2013. A Treasury Management Group (TMG) meeting chaired by the Group's Chief Financial Officer, takes place on a monthly basis to review treasury activities. Its members receive management information relating to treasury activities. The Group maintains Treasury control systems and procedures to monitor foreign exchange, interest rate, liquidity, credit and other financial risks.

(a) Capital management

The capital structure of the Group is managed through an appropriate mix of debt and equity in order to optimise returns to shareholders whilst maintaining credit ratings that provide the Company with flexibility to access debt capital markets on attractive terms.

(b) Liquidity

The Group's policy is to borrow centrally in order to meet anticipated funding requirements. The cash flow forecast and funding requirements are monitored by the TMG on a monthly basis. The Group's strategy is to diversify liquidity sources using a range of facilities and to maintain broad access to funding markets.

The Group has a European Medium Term Note programme of £15 billion and at 31 December 2013, £7.0 billion of notes were in issue under this programme. The Group also has a US F-3 shelf registration statement and at 31 December 2013, \$15.0 billion (£9.2 billion) of notes were in issue under this programme. The Group's long-term borrowings mature at dates between 2014 and 2045.

(c) Treasury operations

The objective of treasury activity is to manage the post-tax net cost or income of financial operations to the benefit of Group earnings. Corporate Treasury does not operate as a profit centre.

The Group uses a variety of financial instruments to finance its operations and derivative financial instruments to

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Notes to the financial statements for the year ended 31 December 2013

manage market risks from these operations. These derivatives, principally comprising forward foreign currency contracts, interest rate and currency swaps, are used to swap borrowings and liquid assets into currencies required for Group purposes and to manage exposure to financial risks from changes in foreign exchange and interest rates.

The Group balances the use of borrowings and liquid assets having regard to:

- the cash flow from operating activities and the currencies in which it is earned;
- the tax cost of intra-group distributions;
- the currencies in which business assets are denominated; and
- the post-tax cost of borrowings compared to the post-tax return on liquid assets.

Liquid assets surplus to the immediate operating requirements of Group companies are invested and managed centrally by Corporate Treasury. Requirements of Group companies for operating finance are met whenever possible from central resources.

External borrowings are managed by Corporate Treasury which comprise a portfolio of long and medium-term instruments in addition to short-term finance.

The Group does not hold or issue derivatives for speculative purposes. The Group's Treasury policies specifically prohibit such activity. All transactions in financial instruments are undertaken to manage the risks arising from underlying business activities, not for speculation.

(d) Interest rate risk management

The Group's objective is to reduce its effective net interest cost and to rebalance the mix of debt at fixed and floating interest rates over time. The policy on interest rate risk management limits the amount of floating interest payments to a prescribed percentage of operating profit. At 31 December 2013, £nil (31 December 2012: £nil) of the Company's net borrowings were exposed to floating interest rates after the effects of hedging.

(e) Foreign exchange risk management

In order to reduce foreign currency translation exposure, the Group seeks to denominate borrowings in the currencies of its principal assets and cash flows. These are primarily denominated in US dollars, Euros and Sterling. Certain borrowings can be swapped into other currencies as required for Group purposes.

(f) Counterparty risk management

The Group sets global counterparty limits for each of its banking and investment counterparties based on long-term credit ratings from Moody's and Standard and Poor's. Corporate Treasury's usage of these limits is monitored daily by a Corporate Compliance Officer (CCO) who operates independently of Corporate Treasury. Any breach of these limits would be reported to the CFO immediately.

The CCO also monitors the credit rating of these counterparties and, when changes in ratings occur, notifies Corporate Treasury so that changes can be made to investment levels or to authority limits as appropriate. In addition, a report on relationship banks and their credit ratings is presented annually to the TMG for approval and reviewed regularly.

3 Operating (loss)/profit

	2013 £'000	2012 £'000
The following items have been (charged)/credited in operating (loss)/profit:		
Exchange (losses)/gains on foreign currency transactions	(612)	94
Management fee	(44)	(43)

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Notes to the financial statements for the year ended 31 December 2013

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 £32,894 (2012: £31,936).

4 Interest receivable and similar income

	2013 £'000	2012 £'000
On loans with Group undertakings	422,225	431,976

5 Interest payable and similar charges

	2013 £'000	2012 £'000
Cash flow hedge recycling from reserves	(596)	(418)
On US Medium Term Notes and Euro Medium Term Notes	(402,858)	(415,794)
Amortisation of bond expenses	(10,285)	(10,063)
	(413,739)	(426,275)

6 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Tax charge based on profits for the financial year	£'000	£'000
Current tax:		
UK corporation tax at 23.25% (2012: 24.5%)	1,720	1,304
Total current tax	1,720	1,304
Deferred tax:		
Origination and reversal of timing differences	86	99
Change in tax rate - impact on deferred tax	39	34
Total deferred tax	125	133
Tax on profit on ordinary activities	1,845	1,437

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2013 of 23.25% (2012: 24.5%). The differences are explained below:

	£'000	£'000
Reconciliation of current tax charge	£'000	£'000
Profit on ordinary activities at the UK statutory rate 23.25% (2012: 24.5%)	1,820	1,409
Effects of:		
Permanent Disallowables - interest treated as paid by ultimate parent	96,150	104,426
Permanent Deductions - Group relief received for no payment	(96,150)	(104,426)
Other timing differences	(100)	(105)
Current tax charge for the year	1,720	1,304

Factors that may effect future tax charges:

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantially enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

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Notes to the financial statements for the year ended 31 December 2013

This will reduce the company's future tax charge accordingly. The deferred tax asset as at 31 December has been calculated based on the rate of 20% (2013) which has been substantively enacted at the balance sheet date.

7 Debtors

	2013 £'000	2012 £'000
Amounts due within one year		
Amounts owed by Group undertakings	172,863	159,141
Amounts due after more than one year		
Amounts owed by Group undertakings	9,981,748	9,962,999
Deferred tax (Note 9)	173	298
	9,981,921	9,963,297
	10,154,784	10,122,438

Amounts owed by Group undertakings include the net proceeds of bond issuances that have been advanced as loans totalling £9,969,618,000 (2012: £9,952,427,000), which are unsecured with interest charged at between 3.15% and 6.5% per annum and repayable at maturity dates between 2015 and 2045. In addition there are deposits with Group undertakings totalling £51,760,000 (2012: £36,786,000), which are unsecured, interest bearing and repayable on demand.

The remaining balance of amounts owed by Group undertakings includes both accrued Group interest receivable and an amount in relation to Group tax relief totalling £133,233,000 (2012: £132,927,000), these balances are unsecured, non-interest bearing and repayable on demand.

8 Creditors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	44	2,574
Corporation tax	1,720	1,304
Accruals and deferred income	127,714	127,336
Euro Medium Term Notes	-	-
	129,478	131,863
Amounts falling due after more than one year		
Euro Medium Term Notes	7,029,011	6,950,051
US Medium Term Notes	2,993,069	3,043,877
	10,022,080	9,993,928
	10,151,558	10,125,791

Amounts owed to Group undertakings are unsecured and repayable on demand.

The corporation tax creditor contains amounts which will be paid to fellow Group companies.

Accruals and deferred income relates to accrued interest payable on US Medium Term Notes and Euro Medium Term Notes.

Debt is unsecured and there are no debt covenants in relation thereto.

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Notes to the financial statements for the year ended 31 December 2013

Loans due after one year are repayable over various periods as follows:

	2013 £'000	2012 £'000
In more than one year, but not more than two years		
0.75% US\$ US Medium Term Note 2015	601,028	-
3.875% € Euro Medium Term Note 2015	1,330,306	-
	1,931,334	-
In more than two years, but not more than five years		
0.75% US\$ US Medium Term Note 2015	-	611,035
3.875% € Euro Medium Term Note 2015	-	1,295,891
1.5% US\$ US Medium Term Note 2017	1,198,965	1,219,243
5.625% € Euro Medium Term Note 2017	1,038,419	1,012,282
	2,237,384	4,138,451
In more than five years		
2.85% US\$ US Medium Term Note 2022	1,193,076	1,213,599
4.0% € Euro Medium Term Note 2025	617,651	601,958
3.375% £ Euro Medium Term Note 2027	590,738	590,041
5.25% £ Euro Medium Term Note 2033	983,077	982,227
6.375% £ Euro Medium Term Note 2039	694,448	694,227
5.25% £ Euro Medium Term Note 2042	986,723	986,253
4.25% £ Euro Medium Term Note 2045	787,649	787,172
	5,853,362	5,855,477
	10,022,080	9,993,928

The loans due after 5 years are repayable other than by instalments.

9 Deferred tax asset

	2013 £'000	2012 £'000
Other net timing differences	173	298
	173	298
Deferred tax asset		Total £'000
At 1 January 2013		298
Charge for the year		(125)
At 31 December 2013		173

GlaxoSmithKline Capital plc

Notes to the financial statements for the year ended 31 December 2013

10 Called up share capital

	2013 Number of shares	2012 Number of shares	2013 £'000	2012 £'000
Authorised				
Ordinary shares of £1 each (2012: £1 each)	100,000	100,000	100	100
Issued and fully paid				
Ordinary shares of £1 each (2012: £1 each)	100,000	100,000	100	100

11 Reserves

	Profit and loss account £'000	Cash flow hedge reserve £'000	Total reserves £'000
At 1 January 2013	8,040	(11,491)	(3,451)
Profit for the financial year	5,985	-	5,985
Movement in cash flow hedge reserve	-	596	596
At 31 December 2013	14,025	(10,895)	3,130

The cash flow hedge reserve relates to the cumulative fair value changes of derivatives representing pre-hedging of debt-issuances. The reserve is amortised over the life of the subsequently issued bonds.

12 Reconciliation of movements in shareholders' funds/(deficit)

	2013 £'000	2012 £'000
Profit for the financial year	5,985	4,315
Movement in cash flow hedge reserve	596	(4,462)
Net increase/(decrease) in shareholders' funds	6,581	(147)
Opening shareholders' deficit	(3,351)	(3,204)
Closing shareholders' funds/(deficit)	3,230	(3,351)

13 Financial instruments and related disclosures

Policies

Treasury policies are detailed in Note 2.

Foreign exchange risk management

At the end of the year, the Company had no cross currency swaps (2012: no cross currency swaps) in place in respect of foreign currency medium-term debt instruments.

Concentrations of credit risk and credit exposures financial instruments

The Company does not believe it is exposed to major concentrations of credit risk. The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but does not expect any counterparties to fail to meet their obligations. The Company applies GlaxoSmithKline plc Board approved limits to the amount of credit exposure to any one counterparty and employs strict minimum credit worthiness criteria as to the choice of counterparty.

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Notes to the financial statements for the year ended 31 December 2013

Fair value of financial assets and liabilities

The table below presents the carrying amounts and the fair values of the Company's financial assets and liabilities at 31 December 2013 and 31 December 2012.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values shown below:

- Cash at bank – approximates to the carrying amount;
- Short-term loans and overdrafts – approximates to the carrying amount because of the short maturity of these instruments;
- Medium-term loans – market value based on quoted market prices in the case of US and Euro Medium Term Notes and other fixed rate borrowings, approximates to the carrying amount in the case of floating rate bank loans and other loans; and
- Debtors and creditors – approximates to the carrying amount.

The following table sets out the classification of financial assets and liabilities per the Balance sheet.

	2013		2012	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Cash at bank and in hand	4	4	2	2
Amounts owed by Group undertakings	10,021,376	10,021,376	9,989,213	9,989,213
Current asset financial instruments	10,021,380	10,021,380	9,989,215	9,989,215
£ Euro Medium Term Notes	(4,042,635)	(4,471,779)	(4,039,920)	(4,768,619)
€ Euro Medium Term Notes	(2,986,376)	(3,305,460)	(2,910,131)	(3,369,782)
US\$ US Medium Term Notes	(2,993,069)	(2,971,831)	(3,043,877)	(3,139,362)
Total borrowings	(10,022,080)	(10,749,070)	(9,993,928)	(11,277,763)
Total derivative instruments for management of net debt	-	-	-	-
Total net debt	(700)	(727,690)	(4,713)	(1,288,548)
Other debtors *	133,235	133,235	132,927	132,927
Other creditors *	(129,478)	(129,478)	(131,863)	(131,863)
Net financial assets and liabilities	3,057	(723,933)	(3,649)	(1,287,484)
Comprising:				
Total financial assets	10,154,615	10,154,615	10,122,142	10,122,142
Total financial liabilities	(10,151,558)	(10,878,548)	(10,125,791)	(11,409,626)

Total financial liabilities agree to the total of creditors due within and after one year on the face of the Balance sheet.

* including short-term trading balances with Group companies and amounts relating to tax.

Currency and interest rate risk profile of financial liabilities

GlaxoSmithKline Capital plc

Notes to the financial statements for the year ended 31 December 2013

Total financial liabilities include total borrowings of £10,022,080,000 (2012: £9,993,928,000).

At 31 December 2013 Currency	Fixed rate		Total £'000
	Weighted average interest rate %	Average years for which rate is fixed	
US dollars	2.0	5	2,993,069
Sterling	5.0	24	4,042,635
Euro	5.0	4	2,986,376
Total borrowings	4.1	12	10,022,080

At 31 December 2012 Currency	Fixed rate		Total £'000
	Weighted average interest rate %	Average years for which rate is fixed	
US dollars	2.0	6	3,043,877
Sterling	5.0	25	4,039,920
Euro	5.0	5	2,910,131
Total borrowings	4.1	13	9,993,928

Currency and interest rate risk profile of financial assets

Total financial assets excluding cash and other debtors amount to £10,021,376,000 (2012: £9,989,215,000).

At 31 December 2013 Currency	Fixed rate	Floating rate	Total £'000
	£'000	£'000	
US dollars	2,986,855	10,931	2,997,786
Sterling	4,036,172	-	4,036,172
Euro	2,958,741	28,677	2,987,418
Total current asset financial instruments	9,981,768	39,608	10,021,376

At 31 December 2012 Currency	Fixed rate	Floating rate	Total £'000
	£'000	£'000	
US dollars	3,041,828	3,693	3,045,521
Sterling	4,034,594	-	4,034,594
Euro	2,886,577	22,523	2,909,100
Total current asset financial instruments	9,962,999	26,216	9,989,215

Currency exposure of net monetary assets/(liabilities)

GlaxoSmithKline Capital plc

Notes to the financial statements for the year ended 31 December 2013

	2013 £'000	2012 £'000
Net monetary assets/(liabilities) held in foreign currency		
US dollars	4,717	1,644
Euro	1,042	(1,031)
	5,759	613
	Total 2013 £'000	Total 2012 £'000
Maturity of financial liabilities		
In more than one year, but not more than two years	(1,931,334)	-
In more than two years, but not more than five years	(2,237,384)	(4,138,451)
In more than five years	(5,853,362)	(5,855,477)
	(10,022,080)	(9,993,928)

The above table shows total borrowings only, with figures based on earlier of contractual re-pricing and maturity dates, and exclude derivatives.

14 Reconciliation of operating (loss)/profit to net cash outflow from operating activities

	2013 £'000	2012 £'000
Operating (loss)/profit	(656)	51
Exchange movements	612	(94)
Movements in working capital:		
Decrease/(increase) in debtors	525	(1,215)
(Decrease)/increase in creditors	(4,778)	162
Net cash outflow from operating activities	(4,297)	(1,096)

15 Analysis of changes in net debt

As at 31 December 2013	At 1 Jan 2013 £'000	Cash flows £'000	Amorti- sation £'000	Exchange movements £'000	At 31 Dec 2013 £'000
Cash at bank and in hand	2	2	-	-	4
Amounts owed by group companies	9,989,213	15,029	-	17,134	10,021,376
Current asset financial instruments	9,989,215	15,031	-	17,134	10,021,380
Sterling notes and bonds	(4,039,920)	-	(2,715)	-	(4,042,635)
Euro notes and bonds	(2,910,131)	-	(3,490)	(72,755)	(2,986,376)
US Dollar notes and bonds	(3,043,877)	-	(4,201)	55,009	(2,993,069)
Total borrowings	(9,993,928)	-	(10,406)	(17,746)	(10,022,080)
Total net debt (Note 13)	(4,713)	15,031	(10,406)	(612)	(700)

As at 31 December 2012	At 1 Jan 2012	Cash flows	Amorti- sation	Exchange movements	At 31 Dec 2012
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GlaxoSmithKline Capital plc

Notes to the financial statements for the year ended 31 December 2013

	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	4	(2)	-	-	2
Amounts owed by group companies	8,134,390	2,013,385	-	(158,562)	9,989,213
Current asset financial instruments	8,134,394	2,013,383	-	(158,562)	9,989,215
Sterling notes and bonds	(2,661,168)	(1,377,126)	(1,626)	-	(4,039,920)
Euro notes and bonds	(5,477,161)	2,425,571	(5,583)	147,042	(2,910,131)
US Dollar notes and bonds	-	(3,052,637)	(2,854)	11,614	(3,043,877)
Total borrowings	(8,138,329)	(2,004,192)	(10,063)	158,656	(9,993,928)
Total net debt	(3,935)	9,191	(10,063)	94	(4,713)

16 Employees

There are no employees of GlaxoSmithKline Capital plc. A management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company (see Note 3).

17 Directors' remuneration

During the year, the Directors of the Company, with the exception of the Corporate Directors, were remunerated as executives of the Group and received no remuneration in respect of their services to the Company (2012: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2012: £nil).

18 Contingent liabilities

Group banking arrangement

The Company, together with fellow Group undertakings has entered into a Group banking arrangement with the Company's principal bank. The bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the bank of any other party to this agreement. The Company's maximum potential liability as at 31 December 2013 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

19 Ultimate parent undertaking

GlaxoSmithKline plc, a company 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 financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham Limited.

20 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.