

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Annual report and financial statements

for the year ended 31 December 2023

Registered office address:

980 Great West Road
Brentford
Middlesex
TW8 9GS

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Annual report and financial statements

for the year ended 31 December 2023

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GlaxoSmithKline Capital plc
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Strategic report for the year ended 31 December 2023

The Board present their Strategic report on GlaxoSmithKline Capital plc (the "Company") for the year ended 31 December 2023.

Principal activities and future developments

The Company is a member of the GSK Group (the "Group"). The Company is a public company limited by shares and is incorporated and domiciled in the UK (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS.

The principal activities of the Company during the financial year were the issuance of notes under the Group's European Medium Term Note programme and the provision of financial services to other companies within the Group.

The Board does not envisage any change to the nature of the business in the foreseeable future.

Review of business

At 31 December 2023, the Company had in issue £8,137,595,000 European Medium Term Notes and £1,561,718,000 US Medium Term Notes (2022: £9,230,890,000 and £2,688,409,000 respectively) which mature at dates between 2024 and 2045. All notes currently in issue pay interest on a fixed rate basis.

In February 2023, the Company repurchased the following bond holdings, as part of a wider plan to rebalance the group's portfolio of debt:

- £75,783,000 of the GBP 1 billion 5.250% European Medium Term Note 2033
- £68,700,000 of the GBP 700 million 6.375% European Medium Term Note 2039

In 2023, the Company repaid the following notes:

- EUR 750 million 0.125% European Medium Term Note (repaid on 12th May 2023)
- EUR 500 million zero coupon European Medium Term Note (repaid on 23rd September 2023)
- USD 1.25 billion 0.534% US Medium Term Note (repaid on 1st October 2023)

On the 21st September 2023, the Company issued a new JPY 42.5 billion European Medium Term Note. The proceeds from the borrowing were on-lent to Glaxo Group Limited.

The profit for the year of £13,412,000 (2022: profit for the year of £9,474,000) will be transferred to retained earnings. The Board is 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.

Net assets of the Company as at 31 December 2023 were £134,865,000 (2022: £119,648,000).

Principal risks and uncertainties

The Board has considered the accessibility of additional capital and the potential risk to liquidity for the Company. However, the Board of GSK plc manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's Board believes 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 2023 annual report which does not form part of this report.

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Strategic report for the year ended 31 December 2023

Key performance indicators (KPIs)

The Board of the Group manages the Group's operations on an operating segment basis. The KPIs including but not limited to finance income and finance expense are reviewed at Group level. For this reason, the Company's Board believes 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 2023 annual report which does not form part of this report.

As per IFRS 8, an entity whose debt or equity instruments are traded in a public market, shall provide segmental reporting information in the Financial statements. GSK Plc reports under two segments; Commercial Operations and Total R&D. The information for segmental reporting is included in the Group's 2023 annual report under Note 6. GlaxoSmithKline Capital plc engages in only one business activity which is the provision of financial services to other companies within the Group hence the entity has a single reportable segment, the results of which are disclosed in the Financial statements.

UK Climate-related Financial Disclosure (UK-CFD)

The Company does not meet the criteria for applying UK-CFD for the year ended 31 December 2023.

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.

The Board prioritises human capital as a key element in enhancing the positive influence within communities, with the Code of Conduct defining our purpose, culture, and performance commitments to ensure the realisation of the Company's aspirations while also ensuring fair treatment of shareholders.

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

Further disclosures detailing how, during the year, the Board addressed the matters set out in Section 172(1) (a) to (f) of the Companies Act, can be found in the Group's 2023 annual report, of which the Company is a member and no additional considerations are deemed necessary for the Company as the relevant matters are all considered in the Group's 2023 annual report. Copies of the Group's 2023 annual report can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

For more information, please read Group's Section 172 statement on GSK's website www.gsk.com.

By order of the Board

Mr A Walker
For and on behalf of Glaxo Group Limited
Corporate Director
22 April 2024

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Directors' report for the year ended 31 December 2023

The Directors present their report on the Company and the audited financial statements of GlaxoSmithKline Capital plc (the "Company") for the year ended 31 December 2023.

Results and dividends

The Company's result for the financial year is shown in the income statement on page 15.

No dividend was proposed to the holders of ordinary shares in respect of the year ended 31 December 2023 (2022: £nil).

Internal control framework

The GSK plc Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance controls, and risk management processes operated by the Group. The Internal Control Framework is the means by which the Group ensures the reliability of financial reporting and compliance with laws and regulations.

To ensure effective governance and promote an ethical culture, the Group has in place the Risk Oversight and Compliance Council. This team of senior leaders is mandated by the Board to assist the Audit and Risk Committee in overseeing risk management and internal control activities. It also provides the business units with a framework for risk management and upward escalation of significant risks, which the Company operates within. Further information on the Group's Internal Control Framework is discussed in the Group's 2023 Annual Report which does not form part of this report.

Financial risk

The Company issues notes under the Group's European Medium Term Note programme and US shelf registration in order to meet anticipated funding requirements for the Group. The strategy is to diversify liquidity sources using a range of facilities and to maintain broad access to funding markets. Details of derivative financial instruments and hedging, and further information on risk management policies, exposures to market, credit and liquidity risk are disclosed in Note 2 (m) and Note 4 respectively.

The Company manages its cash flow interest rate risk on its forecasted Euro and US Dollar denominated notes issued under the Group's European Medium Term Note programme and US shelf registration using treasury gilt locks and interest rate swaps. In addition, the Company carries a balance in reserves that arose from pre-hedging fluctuations in long-term interest rates when pricing bonds issued in prior years. The balance is reclassified to finance costs over the life of these bonds.

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:

Iain Mackay (resigned on 1st May 2023)
Julie Brown (appointed on 1st May 2023)
Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business with the exception of the Corporate Directors, where such an interest may arise in the ordinary course of business. A corporate director is a legal entity of the Group as opposed to a natural person (an individual) Director.

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Directors' report for the year ended 31 December 2023

Directors' indemnity

Each of the Directors benefits from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of their duties.

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

Directors' interests

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

	Unvested share plan interests			
	At 31 Dec 2022	Granted	Exercised / Lapsed	At 31 Dec 2023 or date of retirement ¹
Performance Share Plans				
Iain Mackay	783,978	12,503	-241,214	555,267
Julie Brown	-	269,262	-	269,262
	At 31 Dec 2022	Granted	Exercised / Lapsed	At 31 Dec 2023
Performance Share Plans - 2 Year Deferral				
Iain Mackay	157,965	129,523	-	287,488
	At 31 Dec 2022	Granted	Exercised / Lapsed	At 31 Dec 2023
Deferred Annual Bonus Plan				
Iain Mackay	127,002	80,460	-40,985	166,477
	At 31 Dec 2022	Granted	Exercised / Lapsed	At 31 Dec 2023
Beneficial interests				
Julie Brown	-	23,105	-	23,105
Iain Mackay	-	21,892	-	21,892

¹ Iain Mackay retired from the Board on 1 May 2023

All share awards are over ordinary shares of GSK plc.

Further details of the above-mentioned Plans are disclosed in the 2023 Annual Report of GSK plc, which does not form part of this report.

GlaxoSmithKline Capital plc
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Directors' report for the year ended 31 December 2023
Statement of Directors' responsibilities

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has prepared 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 Board of 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 Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is 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 Board is 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 Board is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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)
- UK Climate-related financial disclosure (UK-CFD); and
- section 172 Companies Act 2006 Statement.

Corporate Governance

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

The Board has 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.
- (f) the remuneration policies are governed to align executive remuneration with performance outcome.

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Directors' report for the year ended 31 December 2023

Stakeholder engagement

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

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

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 auditor is unaware, and the Directors have taken all the steps that ought to have been taken as a director 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 basis

Having assessed the principal risks of the Company and other matters the Board is of the opinion that the current level of activity remains sustainable. The Board in its considerations have included the accessibility of additional capital and the potential risk to liquidity. The Board has considered the Company's ability to continue as a going concern for a minimum of twelve months from the date of signing of these financial statements.

The Board have taken into account that as part of the Group, the Company has the support from the Group through the access to the Group cash pooling mechanism 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 Board believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Independent auditors

Deloitte LLP have been reappointed to act as the Company's auditors by a resolution of the Board in accordance with s489(3) Companies Act 2006. A resolution of the members to appoint Deloitte LLP as auditors was passed at a General Meeting of the Company in accordance with s489(4) Companies Act 2006.

By order of the Board

Mr A Walker
For and on behalf of Glaxo Group Limited
Corporate Director
22 April 2024

Independent auditors' report to the members of GlaxoSmithKline Capital plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of GlaxoSmithKline Capital plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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 income statement;
- the statement of comprehensive income ;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

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).

2. 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Valuation of borrowings; and
- Valuation of intercompany loan receivables.

Materiality

The materiality that we used in the current year was £96 million which was determined on the basis of 1% of external debt.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

3. Summary of our audit approach (continued)

Scoping

Our audit of the company was scoped by obtaining an understanding of the entity and its environment, including relevant controls, and assessing the risk of material misstatement at the entity level.

Significant Changes in our approach

There have been no significant changes in approach since the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the assumptions on which management's assessment is based including the company's role within the wider GSK group, its access to sources of internal and external financing, and the current macroeconomic conditions;
- Evaluating the GSK group's performance, position and access to sources of financing, including undrawn committed bank facilities, including the impact of changes in interest rates on profitability;
- Reading analyst reports for GSK group, industry data and other external information to determine if it provided or contradictory evidence in relation to management's assumptions; and
- Evaluating the appropriateness of the going concern disclosures in line with the requirements of IAS 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of borrowings

Key audit matter description

The company issues external borrowings under its European Medium Term Note (EMTN) and US Shelf Programme on behalf of other GSK group entities. This has resulted in the recognition of material borrowing amounts including:

- Short-term borrowings: £1.7 billion (2022: £2.1 billion); and
- Long-term borrowings: £8.0 billion (2022: £9.8 billion).

These external borrowings are recognised as financial liabilities measured at amortised cost at the original effective interest rate, computed based on the bond proceeds, costs of issuance, coupon payments and redemption value. In the current year, the external borrowings decreased by £2.2 billion due to the repayment of bonds during 2023 offset by new issuance of a bond.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

5. Key audit matters (continued)

Valuation of borrowings (continued)

Key audit matter description (continued)

Due to the magnitude of the external debt held by the company, we have identified a key audit matter with respect to the calculation of the effective interest rate and carrying value of the borrowings under IFRS 9.

Borrowings are disclosed in Note 14 of the financial statements with fair value disclosure in Note 16 of the financial statements. The accounting policy for borrowings is disclosed in Note 2 of the financial statements.

How the scope of our audit responded to the key audit matter

We performed the following audit procedures:

- Agreed bond proceeds, costs of issuance, coupon rate and redemption values where applicable to underlying agreements and term sheets;
- Recalculated the effective interest rate and the carrying value of each bond using the key inputs outlined above per the underlying agreements;
- Assessed the appropriateness of the accounting treatment applied for borrowings including the recognition at amortised cost in line with IFRS 9 requirements;
- Agreed the inputs used for the fair value disclosures in the notes to the financial statements to an independent source; and
- Evaluated the appropriateness of disclosures in respect to these liabilities included in the notes to the financial statements.

Key observations

We are satisfied that the calculation of the effective interest rate and carrying value of the external borrowings balance has been correctly calculated and appropriately recorded in accordance with IFRS 9.

Valuation of intercompany loan receivables

Key audit matter description

The proceeds of bonds issued by the company are subsequently loaned to GSK group companies. The intercompany loan receivables are as follows:

- Short-term intercompany loan receivables: £1.7 billion (2022: £2.2 billion); and
- Long-term intercompany loan receivables: £8.1 billion (2022: £9.8 billion).

These are recognised as financial assets measured at amortised cost at the original effective interest rate, computed based on the loan issued, coupon payments redemption value and expected credit losses, if material. Due to the magnitude of the intercompany loan receivables held by the company, we identified a key audit matter relating to the calculation of the effective interest rate and carrying value of the intercompany loan receivables balance under IFRS 9.

Intercompany loan receivables are disclosed in Note 11 of the financial statements with fair value disclosure in Note 16 of the financial statements. The accounting policy for receivables is disclosed in Note 2 of the financial statements.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

5. Key audit matters (continued)

Valuation of intercompany loan receivables (continued)

How the scope of our audit responded to the key audit matter

We performed the following audit procedures:

- Agreed loan amounts, coupon rate and redemption values to underlying agreements;
- Recalculated the effective interest rate and the carrying value of each intercompany loan using the key inputs outlined above per the underlying agreements;
- Inspected board minutes for the completeness of all loans entered into in the period;
- Assessed the appropriateness of the accounting treatment applied for intercompany loans including the recognition at amortised cost and provisioning of expected credit losses in line with IFRS 9 requirements;
- Assessed the recoverability of intercompany loans against net assets of counter parties;
- Evaluated the appropriateness of disclosures in respect to these assets included in the notes to the financial statements; and
- Reconciled the intercompany loans and receivables balance per the intercompany schedule to the trial balance and intercompany mismatch report.

Key observations

We are satisfied that the calculation of the effective interest rate and carrying value of the intercompany loan receivables has been correctly calculated and appropriately recorded in accordance with IFRS 9.

6. Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality

£96 million (2022: £119 million)

Basis for determining materiality

The materiality that we used in the current year was £96 million which was determined on the basis of 1% of external debt.*

The decrease in materiality from the previous year is due to the decrease in external borrowings of £2.2 billion and associated decrease in intercompany receivables from the lending of the proceeds to other entities within the group.

*External debt is defined as short-term and long-term borrowings.

Rationale for the benchmark applied

The company is the main UK debt issuer of the GSK group of companies. As such, total assets and external debt were determined to be the most appropriate benchmarks to apply as they relate to the primary focus of management, shareholders and lenders in assessing the performance of the company.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

6. Our application of materiality (continued)

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the company's overall control environment;
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods; and
- prior period adjustments or errors found in the current year of which there were none.

Error reporting threshold

We agreed with the Board of Directors that we would report to them all audit differences in excess of £4.8 million (2022: £6.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risk of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Our consideration of the control environment

We obtained an understanding of the company's control environment through audit procedures over the in-scope processes for the purpose of the GSK plc group audit. Subsequently, as part of our statutory audit process, we have performed additional audit procedures in order to obtain an understanding of all other key company processes. We structured our audit approach to reflect how the company is organised so that our audit was both effective and risk focused. Based on our scope and determination of audit approach, the audit engagement team have obtained an understanding of the relevant controls over the financial reporting process and have adopted a fully substantive approach for the audit of the financial statements.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

9. 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.

10. 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. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Board of Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations,
- the matters discussed among the audit engagement team and relevant internal specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Directors and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

Independent auditors' report to the members of GlaxoSmithKline Capital plc

13. Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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 nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

Auditor tenure

We were appointed by the Board of Directors on 30 May 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years, covering the years ending 31 December 2018 to 31 December 2023.

Consistency of the audit report with the additional report to the Board of Directors

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Deloitte LLP
Statutory Auditors
London, United Kingdom
22 April 2024

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Income statement
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Other operating (expense)/income	6	(605)	2,797
Finance income	8	325,627	480,543
Finance expense	9	(307,490)	(471,643)
Operating profit		17,532	11,697
Profit before taxation		17,532	11,697
Taxation	10	(4,120)	(2,223)
Profit for the financial year		13,412	9,474

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

The notes on pages 20 to 31 are an integral part of these financial statements.

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Statement of comprehensive income
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Profit for the financial year		13,412	9,474
Items that may be subsequently reclassified to the income statement:			
Reclassification of cash flow hedges to the income statement		2,406	5,584
Deferred tax on fair value movements and reclassification on cash flow hedges	10	(601)	(1,396)
Other comprehensive income for the financial year		1,805	4,188
Total comprehensive income for the financial year		15,217	13,662

The notes on pages 20 to 31 are an integral part of these financial statements.

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Balance sheet
as at 31 December 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Deferred tax assets	10	2,367	2,968
Trade and other receivables	11	8,133,931	9,794,173
Total non-current assets		8,136,298	9,797,141
Current assets			
Trade and other receivables	11	1,696,382	2,236,637
Prepayments and accrued income	12	105,811	113,755
Cash and cash equivalents		1	1
Total current assets		1,802,194	2,350,393
Total assets		9,938,492	12,147,534
Current liabilities			
Trade and other payables	13	(69)	-
Short-term borrowings	14	(1,651,681)	(2,145,952)
Accruals and deferred income	15	(100,125)	(106,364)
Corporation tax		(4,120)	(2,223)
Total current liabilities		(1,755,995)	(2,254,539)
Net current assets		46,199	95,854
Total assets less current liabilities		8,182,497	9,892,995
Non-current liabilities			
Long-term borrowings	14	(8,047,632)	(9,773,347)
Total non-current liabilities		(8,047,632)	(9,773,347)
Total liabilities		(9,803,627)	(12,027,886)
Net assets		134,865	119,648
Equity			
Share capital	20	100	100
Other reserves	21	(7,097)	(8,902)
Retained earnings		141,862	128,450
Total equity		134,865	119,648

The notes on pages 20 to 31 are an integral part of these financial statements.

The financial statements on pages 15 to 31 were approved by the Board of Directors on 22 April 2024 and signed on its behalf by:

Mr A Walker
For and on behalf of Glaxo Group Limited
Corporate Director

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Statement of changes in equity
for the year ended 31 December 2023

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022	100	(13,090)	118,976	105,986
Profit for the year	-	-	9,474	9,474
Other comprehensive income for the financial year	-	4,188	-	4,188
Profit and comprehensive income for the financial year	-	4,188	9,474	13,662
At 31 December 2022	100	(8,902)	128,450	119,648
Profit for the year	-	-	13,412	13,412
Other comprehensive income for the financial year	-	1,805	-	1,805
Profit and comprehensive income for the financial year	-	1,805	13,412	15,217
At 31 December 2023	100	(7,097)	141,862	134,865

The notes on pages 20 to 31 are an integral part of these financial statements.

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Cash flow statement
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Operating profit		17,532	11,697
Adjustments reconciling operating profit to operating cash flows		16,465	31,127
Taxation paid		(2,223)	(3,079)
Net cash inflow from operating activities	18	31,774	39,745
Cash flows from financing activities			
Proceeds from borrowings		231,973	-
Repayment of borrowings		(2,259,906)	(4,414,769)
Loans provided to Group undertakings		(231,973)	-
Loan repayments received from Group undertakings		2,252,829	4,357,442
(Increase) / decrease in other receivables with Group undertakings		(24,697)	17,579
Net cash outflow from financing activities		(31,774)	(39,748)
Net movement in cash in the year		-	(3)
Cash at beginning of year		1	4
Movement in cash		-	(3)
Cash at end of year		1	1

The notes on pages 20 to 31 are an integral part of these financial statements.

GlaxoSmithKline Capital plc
(Registered number: 2258699)

Notes to the financial statements for the year ended 31 December 2023

1 Presentation of the financial statements

General information

GlaxoSmithKline Capital plc (the "Company") is a public company limited by shares and is incorporated and domiciled in the UK (England and Wales). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS.

The Company is a member of the GSK Group (the "Group"). The Company's principal activity is the issuance of notes under the Group's European Medium Term Note programme and US shelf registration and the provision of financial services to other companies within the Group.

2 Summary of material 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 as modified by the revaluation of financial assets at fair value through other comprehensive income, and in accordance with the Companies Act 2006.

The financial statements are presented in Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

Going concern

Having assessed the principal risks of the Company and other matters the Board is of the opinion that the current level of activity remains sustainable. The Board in its considerations have included the accessibility of additional capital and the potential risk to liquidity. The Board has considered the Company's ability to continue as a going concern for a minimum of twelve months from the date of signing of these financial statements.

The Board have taken into account that as part of the Group, the Company has the support from the Group through the access to the Group cash pooling mechanism 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 Board 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:

- Paragraph 38 of IAS 1 "Presentation of financial statements" comparative information requirements in respect of:
 - paragraph 79(a) (iv) of IAS 1 - Presentation of Financial Statements;
 - 16 (statement of compliance with all IFRS); and
 - 38B-D (additional comparative information);
- 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 & 18A of IAS 24 "Related party disclosures" (key management compensation); and
- 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.

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Notes to the financial statements for the year ended 31 December 2023

2 Summary of material accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a wholly owned subsidiary of the ultimate parent company. GSK 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 GSK plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham Limited. These financial statements are separate financial statements.

(c) Foreign currency transactions

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

(d) Other operating income

Management service fees are recognised in other operating income on an accruals basis.

(e) Finance income and expense

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

(f) Financial assets

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

(g) Impairment of financial assets

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

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

(h) Trade and other receivables

For Trade and 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 income statement/statement of comprehensive income.

Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

(j) Other payables

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.

(k) Borrowings

All borrowings, which comprise notes issued under the Group's European Medium Term Note programme and US shelf registration, are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Notes to the financial statements for the year ended 31 December 2023

2 Summary of material accounting policies (continued)

(l) 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. The tax charge for the period is recognised in the income statement or statement of comprehensive income or directly in equity, according to the accounting treatment of the related transaction.

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor the taxable profit or loss. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(m) Derivative financial instruments and hedging

Derivative financial instruments can be used by the Company to manage exposure to market risks. The Company does not hold or issue derivative financial instruments for trading or speculative purposes and does not currently hold any derivative financial instruments.

Derivative financial assets and liabilities are classified as held-for trading and are measured at fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

The Company carries a balance in other comprehensive income that arose from using treasury gilt locks and forward starting interest rate swaps for pre-hedging fluctuations in long-term interest rates when pricing bonds issued in prior years.

(n) International Tax Reform - Pillar Two Model Rules

The Company has adopted the amendments to IAS 12 which have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Company has applied the mandatory exception and is not recognising any deferred tax impact. Further information is set out in note 10.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, the Board is 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. There are no required estimates or assumptions made in the valuation of intercompany loans and borrowings.

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

4 Financial risk management

Risk management is carried out by the Group's Corporate Treasury under policies and procedures approved annually by the Group's Board of Directors, most recently on 11 October 2023. The role of Corporate Treasury is to monitor and manage the Group's external and internal funding requirements and financial risks, covering foreign exchange, interest rate, liquidity, and credit risks in support of the Group's strategic objectives. A Treasury Management Group meeting, chaired by the Group's Chief Financial Officer, also takes place on a quarterly basis to review treasury activities.

Notes to the financial statements for the year ended 31 December 2023

4 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar and Euro, in respect of bonds issued under the Group's European Medium Term Note programme and US shelf registration.

The net proceeds of bond issuances received are subsequently advanced as loans to other Group undertakings in the same currency which minimises the foreign translation exposure within the Company. On this basis, foreign exchange risk is not considered material and the Company has not prepared a sensitivity analysis.

(ii) Interest rate risk

The Group's objective is to minimise the effective net interest cost and to balance the mix of debt at fixed and floating interest rates over time. The policy on interest rate risk management limits the net amount of floating rate debt to a specific cap, reviewed and agreed no less than annually by the GSK Board.

The Company's interest rate risk arises mainly from deposits with Group undertakings and cash held at floating rates which expose the Company to interest rate risk. The Company has unsecured borrowings, comprised of notes issued under the Group's European Medium Term Note programme and US shelf registration, all of which are at fixed rates, and expose the Company to fair value interest rate risk.

The table below hypothetically shows the Company's sensitivity to changes in interest rates in relation to Euro, Sterling and US dollar floating rate financial assets. If interest rates applicable to floating rate financial assets were to have increased by 1% (100 basis points), and assuming all other variables had remained constant, it is estimated that the Company's finance income for 2023 would have increased by approximately £2,187,000 (2022: £1,964,000 increase in finance income). If the applicable interest rate were to have increased by 1.5%, the financial income for 2023 would have increased by approximately £3,279,000 (2022: £2,946,000 increase in finance income).

	2023 Increase in income £'000	2022 Increase in income £'000
1% (100 basis points) increase in Euro interest rates (2022: 1%)	432	702
1% (100 basis points) increase in Sterling interest rates (2022: 1%)	1,521	1,022
1% (100 basis points) increase in US dollar interest rates (2022: 1%)	234	240
1.5% (150 basis points) increase in Euro interest rates (2022: 1.5%)	647	1,054
1.5% (150 basis points) increase in Sterling interest rates (2022: 1.5%)	2,281	1,533
1.5% (150 basis points) increase in US dollar interest rates (2022: 1.5%)	351	359

The tables below illustrate the currency and interest rate profiles arising from the Company's borrowings, loans and receivable balances.

Currency and interest rate risk profile of borrowings

At 31 December 2023	Fixed rate		Fixed rate £'000	Floating rate £'000	Total £'000
	Weighted average interest rate %	Average years for which rate is fixed			
Currency					
US dollars	3.5	3	(1,561,718)	-	(1,561,718)
Sterling	4.4	12	(3,826,646)	-	(3,826,646)
Euro	1.8	3	(4,075,833)	-	(4,075,833)
Yen	0.9	5	(235,116)	-	(235,116)
Total borrowings	3.2	6	(9,699,313)	-	(9,699,313)

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Notes to the financial statements for the year ended 31 December 2023

4 Financial risk management (continued)

At 31 December 2022	Fixed rate		Fixed rate £'000	Floating rate £'000	Total £'000
	Weighted average interest rate %	Average years for which rate is fixed			
Currency					
US dollars	2.3	3	(2,688,409)	-	(2,688,409)
Sterling	5.6	13	(3,966,581)	-	(3,966,581)
Euro	1.5	3	(5,264,309)	-	(5,264,309)
Yen	-	-	-	-	-
Total borrowings	3.3	6	(11,919,299)	-	(11,919,299)

Currency and interest rate risk profile of loans and receivables

At 31 December 2023	Fixed rate £'000	Floating rate £'000	Total £'000
Currency			
US dollars	1,541,475	23,415	1,564,890
Sterling	3,798,820	152,068	3,950,888
Euro	4,036,231	43,157	4,079,388
Yen	235,090	-	235,090
Total loans and receivables	9,611,616	218,640	9,830,256

At 31 December 2022	Fixed rate £'000	Floating rate £'000	Total £'000
Currency			
US dollars	2,667,694	23,963	2,691,657
Sterling	3,940,570	102,209	4,042,779
Euro	5,226,016	70,238	5,296,254
Yen	-	-	-
Total loans and receivables	11,834,280	196,410	12,030,690

Net currency exposure	2023 £'000	2022 £'000
US dollars	3,172	3,249
Euro	3,555	31,945
Yen	(26)	-
	6,701	35,194

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company and arises from cash and cash equivalents, favourable derivative financial instruments and deposits held with banks and financial institutions, and outstanding loans and receivables. The Group sets global counterparty limits for each of its banking and investment counterparties based on long-term credit ratings from Standard and Poor's and Moody's Investor Services ("Moody's"). Usage of these limits is monitored daily and Corporate Treasury actively manages its exposure to credit risk, reducing surplus cash balances wherever possible.

There are no financial assets that are past due or impaired as at 31 December 2023 (2022: £nil).

The Company did not hold any collateral as security or obtained other credit enhancements as at 31 December 2023 (2022: £nil).

The Company considers its maximum exposure to credit risk as at 31 December 2023, without taking into account any collateral held or other credit enhancements, to be £9,936,125,000 (2022: £12,144,565,000) being the total of the Company's financial assets (excluding cash) of which the balances are all held within the GSK Group.

(c) Liquidity risk

Liquidity is managed centrally by the Group by borrowing in order to meet anticipated funding requirements. The Group's cash flow forecast and funding requirements are monitored on a quarterly basis by the Treasury Management Group 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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Notes to the financial statements for the year ended 31 December 2023

5 Capital management

The Group's financial strategy supports its strategic priorities and is regularly reviewed by the Board. 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 the Group's credit ratings that provide the Company with flexibility to access debt capital markets on attractive terms under the Group's European Medium Term Note programme and US shelf registration.

The capital structure of the Company consists of net debt of £9,699,312,000 (2022: £11,919,298,000) and shareholders' funds of £134,865,000 (2022: £119,648,000) (see Statement of changes in equity).

6 Operating profit

	2023	2022
	£'000	£'000
The following items have been credited / (charged) in operating profit:		
Exchange (losses) / gain on foreign currency transactions	(535)	2,862
Management fee	(69)	(64)
Other expense	(1)	(1)
Total other operating (expense)/income	(605)	2,797

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee was charged. Included in the management fee is a charge for auditors' remuneration of £42,331 (2022: £39,600).

The disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made and has been disclosed in the Group's 2023 Annual Report which does not form part of this report.

7 Employees

All of the Group's UK employees are remunerated by GlaxoSmithKline Services Unlimited and receive no remuneration from the Company. A management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company (see Note 6). The Company has no employees.

8 Finance income

	2023	2022
	£'000	£'000
Interest income arising from financial assets at amortised cost	325,627	480,543

9 Finance expense

	2023	2022
	£'000	£'000
Interest expense arising on financial liabilities at amortised cost	(305,084)	(466,059)
Reclassification of cash flow hedge from other comprehensive income	(2,406)	(5,584)
Total finance expense	(307,490)	(471,643)

10 Taxation

Income tax charge on profit	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax at 23.50% (2022: 19.00%)	(4,120)	(2,223)
Total current tax	(4,120)	(2,223)

The tax assessed for the year is the same as (2022: the same as) the average standard rate of corporation tax in the UK for the year ended 31 December 2023 of 23.50% (2022: 19.00%). The differences are explained below:

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Notes to the financial statements for the year ended 31 December 2023

10 Taxation (continued)

	2023	2022
	£'000	£'000
Reconciliation of total tax charge		
Profit on ordinary activities before taxation	17,532	11,697
Tax on ordinary activities at the UK standard rate 23.50% (2022: 19.00%)	(4,120)	(2,223)
Effects of:		
Permanent disallowables - interest treated as paid by ultimate parent	71,266	88,728
Permanent deductions - Group relief received for no payment	(71,266)	(88,728)
Total tax charge for the year	(4,120)	(2,223)

Factors that may affect future tax charges:

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. There is no impact of this change as there are no instances of deferred taxation recognised in the income statement or directly in equity in the current year.

In 2023, the UK Government substantively enacted legislation introducing a global minimum corporate income tax rate, to have effect from 2024 in line with the Organisation for Economic Co-operation and Development's (OECD) Pillar Two model framework. The Company is exempt from the impact of Pillar Two model framework as the disclosure is included in the Group's 2023 annual report.

	2023	2022
	£'000	£'000
Total tax expense included in other comprehensive income		
Deferred tax:		
Fair value movements and reclassification on cash flow hedges	(601)	(1,396)
Total tax expense included in other comprehensive income	(601)	(1,396)

	Other net temporary differences £'000	Total £'000
Movement in deferred tax assets and liabilities		
At 1 January 2023	2,968	2,968
(Charge)/Credit to other comprehensive income	(601)	(601)
At 31 December 2023	2,367	2,367

11 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts due within one year		
Amounts owed by Group undertakings	1,696,382	2,236,637
Amounts due after more than one year		
Long term deposits	57	120
Amounts owed by Group undertakings	8,133,874	9,794,053
	9,830,313	12,030,810

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Notes to the financial statements for the year ended 31 December 2023

11 Trade and other receivables (continued)

Amounts due within one year include deposits with Group undertakings of £66,572,000 (2022: £94,201,000) which are unsecured, repayable within one year and earn a market rate of interest (based on the benchmark risk-free rate applicable to each currency minus 0.025%) that is consistent with the Group's policy.

Amounts due within one year also include the net proceeds of bond issuances that have been advanced as loans to Group undertakings of £1,629,810,000 (2022: £2,142,436,000) which are unsecured with interest charged between 1.79% and 3.40% per annum (2022: between 0.10% and 0.78% per annum).

Amounts due after more than one year include the net proceeds of bond issuances that have been advanced as loans to Group undertakings totalling £7,981,806,000 (2022: £9,691,844,000), which are unsecured with interest charged at between 1.05% and 6.50% per annum and repayable at maturity dates between 2025 and 2045 and also include a call account with GlaxoSmithKline Finance plc of £152,068,000 (2022: £102,209,000) which is unsecured, repayable on demand and earns a market rate of interest (based on the benchmark risk-free rate applicable minus 0.05%) which is consistent with the Group's policy. The call account balance is classified as a non-current asset as the amounts are not expected to be settled within the year.

12 Prepayments and accrued income

	2023	2022
	£'000	£'000
Amounts due within one year	105,811	113,755

Accrued income relates to interest on amounts owed by Group undertakings (see Note 11).

13 Trade and other payables

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Amounts owed to Group undertakings	(69)	-
	(69)	-

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand. The variance represents management service charges for the year 2023 (management service charges for the year 2022 were settled in December 2022).

14 Borrowings

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Loans payable:		
€ European Medium Term Notes	(867,728)	(1,108,313)
US\$ US Medium Term Notes	(783,953)	(1,037,639)
	(1,651,681)	(2,145,952)
Amounts falling due after more than one year		
Loans payable:		
€ European Medium Term Notes	(3,208,106)	(4,155,995)
£ European Medium Term Notes	(3,826,646)	(3,966,581)
US\$ US Medium Term Notes	(777,764)	(1,650,771)
¥ European Medium Term Notes	(235,116)	-
	(8,047,632)	(9,773,347)
Total borrowings	(9,699,313)	(11,919,299)

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14 Borrowings (continued)

Maturity of borrowings	2023 £'000	2022 £'000
In one year or less, or on demand		
1.375% € European Medium Term Note 2024	(867,728)	-
3.000% US\$ US Medium Term Note 2024	(783,953)	-
0% € European Medium Term Note 2023	-	(443,407)
0.125% € European Medium Term Note 2023	-	(664,906)
0.534% US\$ US Medium Term Note 2023	-	(1,037,639)
	(1,651,681)	(2,145,952)
In more than one year, but not more than two years		
1.375% € European Medium Term Note 2024	-	(884,229)
3.000% US\$ US Medium Term Note 2024	-	(828,516)
4.000% € European Medium Term Note 2025	(650,326)	-
	(650,326)	(1,712,745)
In more than two years, but not more than five years		
4.000% € European Medium Term Note 2025	-	(662,778)
1.000% € European Medium Term Note 2026	(607,549)	(619,781)
1.250% € European Medium Term Note 2026	(867,566)	(884,833)
3.375% £ European Medium Term Note 2027	(306,132)	(305,753)
1.25% £ European Medium Term Note 2028	(744,733)	-
0.883% ¥ European Medium Term Note 2028	(235,116)	-
	(2,761,096)	(2,473,145)
In more than five years		
1.25% £ European Medium Term Note 2028	-	(743,675)
1.375% € European Medium Term Note 2029	(432,656)	(441,246)
3.375% US\$ US Medium Term Note 2029	(777,764)	(822,254)
1.750% € European Medium Term Note 2030	(650,009)	(663,127)
5.250% £ European Medium Term Note 2033	(566,291)	(640,375)
1.625% £ European Medium Term Note 2035	(744,556)	(744,125)
6.375% £ European Medium Term Note 2039	(626,847)	(694,879)
5.250% £ European Medium Term Note 2042	(472,062)	(471,877)
4.250% £ European Medium Term Note 2045	(366,025)	(365,899)
	(4,636,210)	(5,587,457)
Total borrowings	(9,699,313)	(11,919,299)

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15 Accruals and deferred income

	2023	2022
	£'000	£'000
Amounts falling due within one year	(100,125)	(106,364)

Accruals relates to interest payable on borrowings (see Note 14).

16 Fair value of financial assets and liabilities

The fair values of the financial assets and liabilities are included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents – approximates to the carrying amount;
- Borrowings (European and US Medium Term Notes) – based on quoted market prices (a level 1 fair value measurement);
- Intercompany loans – approximates to the fair value of borrowings (European and US Medium Term Notes); and
- Receivables and payables – approximates to the carrying amount.

The carrying amounts and the fair values of the Company's financial assets and liabilities at 31 December 2023 and 31 December 2022 are illustrated below.

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1	1	1	1
Trade and other receivables:				
Other receivables	105,811	105,811	113,755	113,755
Amounts owed by Group undertakings	9,830,256	9,590,090	12,030,690	11,306,796
Total financial assets	9,936,068	9,695,902	12,144,446	11,420,552
Financial liabilities measured at amortised cost:				
£ European Medium Term Notes	(3,826,646)	(3,798,008)	(3,966,581)	(3,759,798)
€ European Medium Term Notes	(4,075,833)	(3,943,347)	(5,264,308)	(5,010,694)
US\$ US Medium Term Notes	(1,561,718)	(1,532,591)	(2,688,410)	(2,584,635)
¥ European Medium Term Notes	(235,116)	(234,549)	-	-
	(9,699,313)	(9,508,495)	(11,919,299)	(11,355,127)
Other payables	(100,194)	(100,194)	(106,364)	(106,364)
Total financial liabilities	(9,799,507)	(9,608,689)	(12,025,663)	(11,461,491)
Net financial assets and liabilities	136,561	87,213	118,783	(40,939)

The Company has no financial assets or liabilities measured at fair value through profit and loss.

Financial liabilities measured at amortised cost for which the fair value of £9,508,495,000 (2022: £11,355,127,000) is disclosed in the table above are categorised as Level 1, where quoted prices in active markets are used. Similarly, amounts owed by Group undertakings, which include the net proceeds of bond issuances advanced as loans, also approximate to the fair value of these financial liabilities. All other assets and liabilities approximate to the carrying amount.

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17 Contractual cash flows for non-derivative financial liabilities

The following table provides an analysis of the anticipated contractual cash flows including interest payable for the Company's non-derivative financial liabilities on an undiscounted basis. Interest is calculated based on debt held at 31 December without taking account of future issuance.

	2023		2022	
	Debt £'000	Interest on debt £'000	Debt £'000	Interest on debt £'000
Due in less than one year	(1,653,521)	(255,851)	(2,146,841)	(284,699)
Between one and two years	(651,721)	(232,134)	(1,717,473)	(265,864)
Between two and three years	(1,477,233)	(206,065)	(665,129)	(241,210)
Between three and four years	(307,770)	(189,121)	(1,507,627)	(214,605)
Between four and five years	(985,561)	(178,733)	(307,770)	(197,311)
Between five and ten years	(2,444,927)	(659,125)	(3,339,132)	(889,211)
Greater than 10 years	(2,229,902)	(680,716)	(2,298,602)	(706,994)
Gross contractual cash flows	(9,750,635)	(2,401,745)	(11,982,574)	(2,799,894)

18 Adjustments reconciling operating profit to operating cash flows

	2023 £'000	2022 £'000
Operating profit for the year	17,532	11,697
Decrease in other receivables	8,007	28,881
Decrease in other payables	(6,170)	(32,344)
Taxation paid	(2,223)	(3,079)
Exchange adjustments	535	(2,885)
Amortisation of bond costs	11,687	31,891
Reclassification of cash flow hedges to the statement of ocmprehensive income	2,406	5,584
Net cash inflow from operating activities	31,774	39,745

19 Reconciliation of net cash flow to movement in net (debt) / surplus

	Other assets	Liabilities from financing activities			Total £'000
	Cash and cash equivalents £'000	Amounts owed by Group undertakings £'000	Borrowings - due within one year £'000	Borrowings - due after 1 year £'000	
Net surplus as at 1 January 2022	4	15,614,287	(2,595,811)	(12,917,825)	100,655
Cash flows	(3)	(4,375,021)	2,821,090	1,593,679	39,746
Foreign exchange adjustments	-	791,424	(181,231)	(607,309)	2,884
Other non-cash adjustments:					
Re-classification (long-term to short-term)	-	-	(2,188,909)	2,188,909	-
Amortisation	-	-	(1,091)	(30,801)	(31,892)
Net surplus as at 31 December 2022	1	12,030,690	(2,145,952)	(9,773,347)	111,393
Net surplus as at 1 January 2023	1	12,030,690	(2,145,952)	(9,773,347)	111,393
Cash flows	-	(1,996,159)	2,115,423	(87,490)	31,774
Foreign exchange adjustments	-	(204,275)	50,053	153,687	(535)
Other non-cash adjustments:					
Re-classification (long-term to short-term)	-	-	(1,669,354)	1,669,354	-
Amortisation	-	-	(1,851)	(9,836)	(11,687)
Net surplus as at 31 December 2023	1	9,830,256	(1,651,681)	(8,047,632)	130,945

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20 Share capital

	2023 Number of shares	2022 Number of shares	2023 £'000	2022 £'000
Authorised				
Ordinary shares of £1 each (2022: £1 each)	100,000	100,000	100	100
Issued and fully paid				
Ordinary shares of £1 each (2022: £1 each)	100,000	100,000	100	100

21 Other reserves

	Other reserves £'000	Retained earnings £'000	Total reserves £'000
At 1 January 2023	(8,902)	128,450	119,548
Transferred from income and expense in the year	-	13,412	13,412
Reclassification of cash flow hedges to the income statement	2,406	-	2,406
Deferred tax effect of cash flow hedges	(601)	-	(601)
At 31 December 2023	(7,097)	141,862	134,765

The cash flow hedge reserve relates to the cumulative fair value changes of derivatives that arose from pre-hedging fluctuations in long-term interest rates when pricing bonds issued in prior and current years. The balance is reclassified to finance costs over the life of the subsequently issued bonds.

Amount reclassified to profit or loss

	Hedging gains / (losses) recognised in reserves £'000	Hedged future cash flows no longer expected to occur £'000	As hedged item affects profit or loss £'000	Line item in which reclassification adjustment is included £'000
2023				
Pre-hedging of long-term interest rates	(7,097)	-	2,406	Finance income / (expense)
2022				
Pre-hedging of long-term interest rates	(8,902)	-	5,584	Finance income / (expense)

22 Contingent liabilities/assets

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 2023 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

23 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 (2022: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2022: £nil).

24 Related party transactions

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