

How the Critical Audit Matter Was Addressed in the Audit

We performed the following audit procedures, amongst others, related to the future sales growth, likelihood of successful new product innovations and profit margin levels used in the assessment of other intangible assets for impairment:

- Met with the key individuals from the senior leadership team, product category leads and key personnel involved in the forecasting process to discuss and evaluate management's evidence to support future sales growth rates and profitability assumptions;
- Challenged the business assumptions applied by management in estimating sales forecasts, including the macroeconomic impacts resulting from the ongoing COVID-19 pandemic. This involved benchmarking of sales forecasts and product compound annual growth rates to external data for the specific market segments;
- Reviewed independent market research to corroborate expected category growth rates and assessed any sources of contradictory evidence;
- Compared the forecast sales to the plan data (asset by asset internal forecasts) approved by senior management and the Board of directors;
- Assessed the historical accuracy of management's forecasts including consumption data and estimates of new sales from innovation;
- Considered whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures; and
- Tested management review controls over the key inputs and assumptions used in the valuation of other intangible assets, including controls over review of the revenue growth rates and profit margins.

Valuation of uncertain tax positions, including transfer pricing

Accounts impacted: Corporation tax payable, Deferred tax liabilities and Taxation charge

Refer to Notes 3 and 14 to the financial statements

Critical Audit Matter Description

The Group operates in numerous jurisdictions and there are open tax and transfer pricing matters and exposures with UK, US and overseas tax authorities that give rise to uncertain tax positions. There is a range of possible outcomes for provisions and contingencies and management are required to make certain judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of tax provisions, which are sometimes complex as a result of the considerations required over multiple tax laws and regulations.

At 31 December 2020, the Group has recorded provisions of £856 million in respect of uncertain tax positions.

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With the support of tax specialists, we assessed the appropriateness of the uncertain tax provisions by performing the following audit procedures amongst others:

- Assessed and challenged provisions for uncertain tax positions, and focused our work on those jurisdictions where the Group has the greatest potential exposure and where the highest level of judgement is required;
- Assessed management's policies for recognition and measurement of uncertain tax positions for compliance with the guidance per IFRIC 23;
- Involved our transfer pricing specialists to review the transfer pricing methodology of the Group and associated approach to provisioning;

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- Involved our UK, US and international tax and transfer pricing specialists to challenge the conclusions reached by management, both in relation to the expected outcome and the financial impact;
- Considered evidence such as the actual results from the recent tax authority audits and enquiries, third-party tax advice where obtained and our tax specialists' own knowledge of market practice in relevant jurisdictions; and
- Tested key controls over preparation, review and reporting of judgmental tax balances and transactions, which include provisions for uncertain tax provisions.

/s/ Deloitte LLP

London, United Kingdom

12 March 2021

The first accounting period we audited was 31 December 2018

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Item 19 Exhibits

- 1.1 [Articles of Association of the Registrant as in effect on the date hereof.](#)
- 2.1 [Amended and Restated Deposit Agreement among the Registrant and The Bank of New York Mellon, as Depositary, and the owners and holders from time to time of the American Depositary Shares issued thereunder, including the form of American Depositary Receipt, is incorporated by reference to the post-effective amendment to the Registration Statement on Form F-6 \(No. 333-232726\) filed with the Commission on July 19, 2019.](#)
- 2.2 [Description of the Registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.](#)
- 4.3 [UK Service Agreement between GlaxoSmithKline Services Unlimited and Emma N. Walmsley dated March 29, 2017 is incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 15, 2019 .](#)
- 4.4 [UK Service Agreement between GlaxoSmithKline LLC and Hal V. Barron dated December 16, 2017 is incorporated by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 6, 2020.](#)
- 4.5 [UK Service Agreement between GlaxoSmithKline Services Unlimited and Iain Mackay dated 18 September 2018 is incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 15, 2019.](#)
- 4.6 [Share and Business Sale Agreement relating to the Vaccines Group made on April 22, 2014, as amended and restated on May 29, 2014, as amended on October 9, 2014, and as further amended and restated on March 1, 2015, between Novartis AG and GlaxoSmithKline plc is incorporated by reference to Exhibit 4.9 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 18, 2016. Confidential portions of this exhibit have been omitted pursuant to a request for confidential treatment and filed separately with the SEC.](#)
- 4.7 [Stock and Asset Purchase Agreement by and among Pfizer Inc., GlaxoSmithKline plc and GlaxoSmithKline Consumer Healthcare Holdings Limited dated as of December 19, 2018 is incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 15, 2019. Confidential portions of this exhibit have been omitted pursuant to a request for confidential treatment and filed separately with the SEC.](#)
- 4.8 [Amendment Agreement dated July 31, 2019 to the Stock and Asset Purchase Agreement by and among Pfizer Inc., GlaxoSmithKline plc, GlaxoSmithKline Consumer Healthcare Holdings Limited and GlaxoSmithKline Consumer Healthcare Holdings \(No. 2\) Limited dated as of July 31, 2019 is incorporated by reference to Exhibit 4.8 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 6, 2020.](#)
- 4.9 [Shareholders' Agreement among GlaxoSmithKline Consumer Healthcare Holdings Limited, Pfizer Inc., PF Consumer Healthcare Holdings LLC, GlaxoSmithKline plc and GlaxoSmithKline Consumer Healthcare Holdings \(No.2\) Limited dated as of July 31, 2019 is incorporated by reference to Exhibit 4.9 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 6, 2020. Certain confidential information contained in this exhibit has been omitted from this exhibit because it is both \(i\) not material and \(ii\) would likely cause competitive harm to the Registrant if publicly disclosed.](#)
- 8.1 [A list of the Registrant's principal subsidiaries is incorporated by reference to the information set forth under "Group Companies" on pages 287 to 298 of the GSK Annual Report 2020 included as Exhibit 15.2.](#)
- 12.1 [Certification Required by Rule 13a-14\(a\) or 15d-14\(a\) under the Securities Exchange Act of 1934 - Emma Walmsley.](#)
- 12.2 [Certification Required by Rule 13a-14\(a\) or 15d-14\(a\) under the Securities Exchange Act of 1934 - Iain Mackay.](#)
- 13.1 [Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(Subsections \(a\) and \(b\) of Section 1350, Chapter 63 of Title 18, United States Code\).](#)

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15.1	Consent of Deloitte LLP.
15.2*	GSK Annual Report 2020.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

- * Certain of the information included within Exhibit 15.2, which is provided pursuant to Rule 12b-23(a)(3) of the Securities Exchange Act of 1934, as amended, is incorporated by reference in this Form 20-F, as specified elsewhere in this Form 20-F. With the exception of the items and pages so specified, the GSK Annual Report 2020 is not deemed to be filed as part of this Form 20-F.
- ** In accordance with Rule 402 of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Signature

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

GlaxoSmithKline plc

March 12, 2021

By: /s/ Iain Mackay

Iain Mackay

Chief Financial Officer