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Jonathan G Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington DC 20549-0609
United States of America

19 April 2004

Dear Mr Katz,

**SEC Proposed Rule: First-Time Application of International Financial Reporting Standards
(file number S7-15-04)**

We welcome the opportunity to comment on the proposed amendments to Form 20-F. Our comments are given in the attached Appendix.

In accordance with the European Union Regulation, GlaxoSmithKline plc (GSK) will be adopting International Financial Reporting Standards (IFRS) in its published consolidated accounts for the first time in 2005. Please note that our comments are made from this perspective, and all dates referred to in our comments are given in this context

We have focused our comments principally on areas where we wish to either express support for the proposals or suggest alternatives. Accordingly, we have not commented on all the questions raised in the Proposed Rule.

Please contact me if you would like to discuss further any of the points made.

Yours sincerely,

Mr PF Blackburn
Corporate Financial Controller
GlaxoSmithKline plc

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II. Discussion of Proposed Accommodation to Permit Omission of IFRS Financial Statements for the Third Financial Year

A. Eligibility Requirements

We agree that the volume of recent changes to International Financial Reporting Standards (IFRSs) may make it difficult for some issuers to accurately recast year 2003 comparatives into IFRS. We therefore welcome the proposed accommodation, provided the option remains for those issuers which wish to publish 2003 information under IFRS to do so.

B. Primary Financial Statements

Please see our comments in respect of the use of Previous GAAP information under C below.

C. Selected Financial Data

We believe that the inclusion or incorporation by reference of Previous GAAP financial information should be permitted. IFRS 1 specifically permits inclusion of comparative information prepared under Previous GAAP and we do not believe it would be helpful for Form 20-F filings to be different in this regard. Coupled with the disclosure required by paragraph 37(b) of IFRS 1 (of the nature of the main adjustments that would make such information comply with IFRS), we believe that the benefit in terms of making historical data available to investors outweighs the risk of confusion. Clear labelling of the data, with narrative explanations where helpful, should reduce this risk.

We would further suggest that the usefulness of historical data can be enhanced by the inclusion of information for the earliest period for which IFRS comparatives are provided under both Previous GAAP and under IFRS, assuming that earlier periods under Previous GAAP are also presented. This provides a "bridge" which may assist users in reviewing trend information going back further than the limited period for which IFRS comparatives are required. For this reason, we believe that "side-by-side" presentation of IFRS and Previous GAAP information should be permitted, although it will be essential that all data is clearly labelled.

We agree that appropriate narrative disclosure and cautionary language concerning the use of information prepared under different accounting principles will need to be provided. We support the proposed approach of allowing each issuer to decide for itself the location of such disclosure and its wording. This approach should encourage more meaningful disclosure.

Specifically in the context of the requirement to provide five years of selected financial data, we note that many issuers already disclose data prepared under both US GAAP and their primary GAAP on the same page. We believe that investors will not be deterred by the addition of a third GAAP, with appropriate labelling and narrative discussion, if this increases the number of periods for which information is available to them in the same document.

We do not agree that selected financial data based on US GAAP should be required to be in a separate section of the document from the IFRS selected financial data.

D. Operating and Financial Review and Prospects

We would request greater clarity over whether the proposed focus in the discussion under Item 5 of Form 20-F on the reconciliation to US GAAP is intended as a requirement only for those issuers which take advantage of the proposed accommodation allowing them to omit restatement of 2003 financial statements to IFRS. While there may possibly be a case for such discussion where use of the accommodation has led to increased focus on US GAAP information as the only information prepared on a consistent basis for all three years, we do not believe it is appropriate that issuers which do not take the accommodation should face an additional requirement of this nature.

If it is intended that the focus on the reconciliation to US GAAP in the Operating and Financial Review and Prospects section should apply to all foreign issuers for all periods in the future, we believe that this should be highlighted and a separate consultation process entered into.

E. Other Disclosures

We agree that Item 4 company information and Item 11 derivatives information should be provided on the basis of IFRS. We do not believe that any additional information should be required for these Items simply because the issuer has adopted IFRS for the first time.

F. Financial Statements and Information for Interim Periods for the Transition Year

We feel very strongly that issuers should not be required to disclose 2005 interim financial information prepared under Previous GAAP if they wish to issue a registration statement or prospectus during the period between publication of interim information under IFRS in 2005 (typically first quarter information published in April 2005) and publication of the 2005 Form 20-F in early 2006. Our understanding is that the issue the SEC has identified applies not only to new registrations but also to the data requirements to keep existing registrations "refreshed". The consequences of the current requirement to provide three years of audited financial statements (2002, 2003 and 2004) and unaudited interim information for 2005 and 2004 on the same GAAP would therefore be widespread.

GSK intends to cease collection of UK GAAP information from group companies at the end of 2004. To require all subsidiaries to continue to collect and report information under UK GAAP, as well as under IFRS, would be extremely onerous and costly in terms of management time and effort.

The alternative available under the current rules appears to be to provide financial information for all these periods under IFRS. This would entail publication of additional information which is not required for any other purpose, namely, for all issuers, audited IFRS financial statements for 2002. If an issuer intends to take advantage of the accommodation to omit disclosure of 2003 information under IFRS in its Form 20-F, the problem extends to 2003 as well. Although an entity which is adopting IFRS for the first time must have opening IFRS balance sheet information available at the date of transition to IFRS, the preparation of full financial statements for the year ended at the transition date, and audit of that information, would be an excessive additional burden.

We do believe that the current requirements could deter some investors from registering securities under the Securities Act and the Exchange Act during the latter months of the Transition Year and the early months of the year after. As noted above, for issuers which publish first quarter interim information this period could extend to almost a year. We would therefore urge the SEC to consider accommodations which would alleviate this situation. Considering each of the two possible accommodations mentioned in the SEC's discussion of the Proposed Rule:

1. The first alternative suggested is replacement of the current requirement with a requirement for audited financial statements prepared in accordance with IFRS for the last full financial year (2004) and unaudited IFRS financial statements for interim periods in both 2005 and 2004. Although simple to comply with, as all issuers will have this information already prepared, it is noted that this approach would not be in technical compliance with IFRS 1 which requires that at least one year of comparative information is provided in financial statements prepared under IFRS.
2. The second alternative involves requiring three years of audited financial statements prepared in accordance with Previous GAAP (2004, 2003, 2002) and unaudited financial statements prepared in accordance with IFRS for the interim period(s) in 2005 with comparatives for 2004. We prefer this approach, as it would provide investors with information covering a longer period. The use of information prepared under different bases risks causing confusion but, as with the provision of information under Previous GAAP in selected financial data, we believe that this risk can be managed with careful use of labelling, cautionary language, and narrative discussion.

We do have concerns over the suggestion that the interim periods should have the same level of disclosure as in annual financial statements. We would support a requirement to provide the primary financial statements in the same format and level of detail as for annual financial statements, perhaps with some analysis of key figures provided in footnotes. However, we do not believe that the fact that the interim information is prepared under IFRS would justify a requirement to include all the detailed disclosures prepared for annual financial statements, for example the quantities of data on share options which is normally only provided at year-end. Neither IFRS nor UK nor EC regulations require such a high level of disclosure for interim financial statements, so preparing it would place an additional burden on issuers wishing to file a registration statement or prospectus in the US.

III. Disclosures about First-Time Adoption of IFRS

A. Disclosure about Exceptions to IFRS

It appears that the proposed disclosures about application of the IFRS 1 exceptions are intended to apply to all issuers. If this is the case, we believe that it would be helpful to enter into a separate consultation process on such changes, to clarify that these are not consequential changes arising from the proposed accommodation in respect of the second year of comparatives, but a change in the general 20-F requirements for all issuers adopting IFRS for the first time.

We disagree with the proposal that additional disclosures regarding the exceptions should be required by Form 20-F. Paragraph 38 of IFRS 1 requires an explanation of how the transition from Previous GAAP to IFRS affects an entity's reported financial position and financial performance, and many entities will cover the issues referred to in the Proposed Rule when making disclosures to meet the requirements of this paragraph. However, we do not believe it appropriate that the SEC should mandate the detail of the disclosures on an issue which has already been fully considered and addressed by the International Accounting Standards Board.

In terms of the additional burden of preparing such disclosures, we have particular concern over the proposal to require, where material, qualitative disclosure of the impact on financial condition, changes in financial condition and results of operations that the use of alternative accounting principles would have had. The exceptions provided by IFRS 1 dispense with the requirement to make restatements for past periods where the difficulty and costs of doing so are likely to outweigh the benefits. If high quality disclosures are to be made, this proposed requirement in Form 20-F reintroduces much of that difficulty and cost. Indeed, it is questionable whether meaningful consideration of the impact of alternative accounting principles on areas such as business combinations and defined benefit pension schemes would be possible in situations where an issuer has a corporate history going back decades.

B. Reconciliation from Previous GAAP

We do not believe that the SEC should specify the form and content of the reconciliation from Previous GAAP to IFRS. The example given in paragraph IG63 of the Implementation Guidance to IFRS 1 illustrates one way in which the requirement in paragraph 40 of IFRS 1 to "give sufficient detail to enable users to understand the material adjustments to the balance sheet and income statement" may be satisfied. The IASB has deliberately not prescribed a format so that issuers may meet this requirement in the way which they consider to be the most appropriate and helpful for users of the accounts in their specific circumstances. Therefore, provided the overall objective stated in paragraph 40 is achieved, we do not believe it to be appropriate that the SEC should be more prescriptive on this issue.