Stafford-Miller Limited

(Registered number: 00318499)

Directors' report and financial statements
for the year ended 31 December 2018

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

Stafford-Miller Limited
(Registered number: 00318499)

Directors' report and financial statements
for the year ended 31 December 2018

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Stafford-Miller Limited
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Directors' report for the year ended 31 December 2018

The Directors present their report on Stafford-Miller Limited (the "Company") and the audited financial statements for the year ended 31 December 2018.

Principal activities and future developments

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

The principal activity of the Company is to provide funding to the Group in the form of interest bearing loans. The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a profit of £11,000 for the financial year (2017: loss of £2,000). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable, and that the Company remains a going concern due to a net current asset position.

The profit for the year of £11,000 will be transferred to reserves (2017: loss for the year of £2,000 transferred from reserves).

Acquisition

On 27 March 2018, the Group announced it had reached agreement with Novartis to buyout its 36.5% stake in the Consumer Healthcare Joint Venture for US$13 billion (£9.7 billion) (the "Novartis transaction"). The Novartis transaction was approved by shareholders on 3 May 2018 and completed on 1 June 2018.

Subsequently on 19 December 2018, the Group has also announced the formation of a new Consumer Healthcare Joint Venture with Pfizer in an all-share transaction (the "Pfizer transaction") and on 1 August 2019 it was announced that the Pfizer transaction was completed. The Group now owns a majority controlling equity interest of 68% and Pfizer owns an equity interest of 32% in the Joint Venture. It was also announced that within 3 years of the closing of the Pfizer transaction, the Group intends to separate the Joint Venture via a demerger of its equity interest and a listing of the GSK Consumer Healthcare Joint Venture on the UK equity market.

Pfizer transaction was approved by the shareholders on 8 May 2019 and was completed on 31 July 2019. The Company was not directly involved in the transactions mentioned above.

Results and dividends

The Company's results for the financial year are shown in the statement of comprehensive income on page 7.

No dividend is proposed to the holders of ordinary shares or preference shares in respect of the year ended 31 December 2018 (2017: £nil).

Stafford-Miller Limited
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Directors' report for the year ended 31 December 2018 (continued)

Directors

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

Glaxo Group Limited	
Edinburgh Pharmaceutical Industries Limited	
R Tattershall	
Andrew Aristidou	(appointed on 19 August 2019)
Nicholas Cooper	(appointed on 11 September 2019)
R Green	(appointed on 15 January 2019)
M Foster-Hawes	(resigned on 15 January 2019)

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business 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 person (legal entity of the Group), as opposed to a natural person (an individual) Director.

Directors' indemnity

Each of the Directors benefits from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of his, her or its duties. In addition, each of the Directors who is an individual benefits from an indemnity given by another Group undertaking, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of his or her engagement in the business of the Company.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, 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 Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Stafford-Miller Limited
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Directors' report for the year ended 31 December 2018 (continued)

Governance

The Company's approach to the Modern Slavery Act 2015 is set by the Group. Each year, as part of their governance arrangements, the Group formally reviews and approves the approach to the Modern Slavery Act 2015 and has confirmed that the approach is still valid for 2018.

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approach to Brexit

In preparing for the UK's exit from the EU (Brexit), the Directors of the Group have taken a risk-based approach to maintain continuity of supply of our consumer healthcare products to the people in the UK and EU at the Group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's approach to Brexit would not be appropriate for an understanding of the impact of Brexit to the position of the Company's business. The Group's approach to Brexit, which includes that of the Company, is discussed in the Group's 2018 annual report which does not form part of this report.

Independent auditor

PricewaterhouseCoopers LLP resigned during the year as the Company's auditor. Subsequently Deloitte LLP were appointed to act as the Company's auditor pursuant to section 485(3) Companies Act 2006. Deloitte LLP were then appointed by the members in general meeting during the year in accordance with s485(4) Companies Act 2006.

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

On behalf of the Board

R Tattershall

R Tattershall
Director
19 September 2019

Stafford-Miller Limited
(Registered number: 00318499)

Independent auditor's report to the members of Stafford-Miller Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Stafford-Miller Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Stafford-Miller Limited
(Registered number: 00318499)

Independent auditor's report to the members of Stafford-Miller Limited (continued)

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

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

We have nothing to report in respect of these matters.

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Independent auditor's report to the members of Stafford-Miller Limited (continued)

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were not entitled to prepare the financial statements with the small companies regime and take advantage of the small companies' exemption in preparing the Director's report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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 that the senior statutory auditor's name should not be stated.

Deloitte LLP

Deloitte LLP
Statutory Auditor
London
19 September 2019

Stafford-Miller Limited
(Registered number: 00318499)

Statement of comprehensive income
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Other operating expense		**(10)**	(10)
Finance income	6	**23**	8
Operating profit / (loss)	4	**13**	(2)
Profit / (loss) before taxation		**13**	(2)
Taxation	7	**(2)**	-
Profit / (loss) for the year		**11**	(2)

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

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

Stafford-Miller Limited
(Registered number: 00318499)

Balance sheet
as at 31 December 2018

	Notes	**2018 £'000**	2017 £'000 Restated
Current assets			
Trade and other receivables	8	**5,113**	5,100
Current liabilities			
Trade and other payables	9	**(480)**	(478)
Net current assets		**4,633**	4,622
Total assets less current liabilities		**4,633**	4,622
Non-current liabilities			
Other non-current liabilities	10	**(3,680)**	(3,680)
Total liabilities		**(4,160)**	(4,158)
Net assets		**953**	942
Equity			
Share capital	11	**920**	920
Retained earnings		**33**	22
Shareholders' equity		**953**	942

The financial statements on pages 7 to 17 were approved by the Board of Directors on 19 September 2019 and signed on its behalf by:

R Tattershall

R Tattershall
Director

Stafford-Miller Limited
(Registered number: 00318499)

Statement of changes in equity for the year ended 31 December 2018

	notes	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017		4,600	491	**5,091**
Effect of prior period:				
Preference share dividends		-	(467)	**(467)**
Reclassification to other non - current liabilities	10 & 15	(3,680)	-	**(3,680)**
Balance at 1 January 2017 – restated		**920**	**24**	**944**
Loss and total comprehensive loss for the year		-	(2)	**(2)**
Balance at 31 December 2017		**920**	**22**	**942**
Profit for the year		-	11	**11**
Profit and total comprehensive income for the year		-	**11**	**11**
At 31 December 2018		920	33	953

Stafford-Miller Limited
(Registered number: 00318499)

Notes to the financial statements for the year ended 31 December 2018

1 Presentation of the financial statements

General information

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

The principal activity of the Company is to provide funding to the Group in the form of interest bearing loans.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Basis of presentation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

The financial statements are presented in Pounds Sterling.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';
- The requirements of paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7, 'Financial instruments: disclosures';
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a),114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a) (iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';
  (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
  (iv) paragraph 76 and 79(d) of IAS 40, 'Investment property'; and
  (v) paragraph 50 of IAS 41, 'Agriculture'.

2 Summary of significant accounting policies (continued)

(a) Basis of presentation (continued)

- The following paragraphs of IAS 1,'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements,
  - 16 (statement of compliance with all IFRS),
  - 38A (requirements for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third balance sheet),
  - 111 (cash flow statement information), and
  - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- 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 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'.

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

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.

(b) Ultimate and immediate parent undertaking

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

(c) Implementation of IFRS 9 'Financial instruments'

The Company has applied IFRS 9 'Financial instruments' with effect from 1 January 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairments for financial assets.

Details of these new requirements as well as their impact on the Company's financial statements are described overleaf. The Company has adopted IFRS 9 retrospectively but with certain permitted exceptions as detailed on the following page.

2 Summary of significant accounting policies (continued)

(c) Implementation of IFRS 9 'Financial instruments' (continued)

Classification and measurement of financial assets

The date of initial application was 1 January 2018. The Company has not applied the requirements of IFRS 9 to instruments that were derecognised prior to 1 January 2018 and has not restated prior years. Any difference between the previous carrying amount and the revised carrying amount at 1 January 2018 has been recognised as an adjustment to opening retained earnings at 1 January 2018.

All financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost or fair value, with movements through statement of comprehensive income on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Impairment of financial assets

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

Lifetime ECLs are applied to all net trade receivables using the simplified approach, and 12-month ECL are applied to all other receivables using the general approach. No ECL allowance for trade receivables was recognised on transition to IFRS 9.

(d) Expenditure

Expenditure is recognised in respect of services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

(e) Finance income and expenses

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

(f) 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.

(g) Trade and other receivables

Trade and other receivables are carried at original invoice amount less allowance for expected credit losses. Expected credit losses are calculated in accordance with the approaches permitted by IFRS 9. For trade receivables, the simplified approach is used by using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the location and type of customer.

2 Summary of significant accounting policies (continued)

(g) Trade and other receivables (continued)

For other receivables, the general approach is used where the Company recognises the losses that are expected to result from all possible default events over the expected life of the receivable, when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the receivable has not increased significantly since initial recognition, the entity measures the expected loss allowance based on losses that are expected to result from default events that are possible within 12 months after the reporting date. When a trade and other receivable is determined to be uncollectable it is written off, firstly against any expected credit loss allowance available and then to the statement of comprehensive income.

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

Receivables from other Group companies are considered as other receivables.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method. Long-term payables are discounted where the effect is material.

(i) Trade and other receivables for periods up to and including 31 December 2017

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the statement of comprehensive income.

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

(j) Preference shares

The Company's preference shares are classified as liability and are accordingly disclosed under other non-current liabilities. Preference dividends are treated as finance expense.

(k) Share capital

Ordinary shares are classified as equity.

3 Critical accounting judgments and key sources of estimation uncertainty

In preparing the financial statements, the Directors are required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates.

The Directors do not consider that there are any critical accounting judgments 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.

Stafford-Miller Limited
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Notes to the financial statements for the year ended 31 December 2018

4 Operating profit / (loss)

	2018 £'000	2017 £'000
The following items have been charged / (credited) in operating profit / (loss):		
Management fee	**10**	10
Finance income	**(23)**	(8)

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditors' remuneration of £4,600 (2017: £4,109).

5 Employees

All UK personnel providing services to the Company are remunerated by a combination of GlaxoSmithKline Consumer Healthcare (UK) Trading Limited and GlaxoSmithKline Services Unlimited.

A management fee is charged to the Company by a combination of GlaxoSmithKline Consumer Healthcare (UK) Trading Limited and GlaxoSmithKline Services Unlimited for services provided to the Company (see Note 4). The Company has no employees (2017: nil).

6 Finance income

	2018 £'000	2017 £'000
On loans with Group undertakings	**23**	8

7 Taxation

Income tax charge on profit/(loss)	2018 £'000	2017 £'000
Current tax:		
UK corporation tax	**2**	-
Total current tax	**2**	-
Total tax charge for the year	**2**	-

The tax assessed for the year is the same (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below:

Reconciliation of total tax charge	**£'000**	£'000
Profit / (loss) profit on ordinary activities before tax	**13**	(2)
Tax on ordinary activities at the UK standard rate 19.00% (2017: 19.25%)	**2**	(90)
Effects of:		
Expenses not taxable/deductible for tax purposes	**-**	90
Total tax charge for the year	**2**	-

7 Taxation (continued)

No instance of deferred taxation has been recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

Factors that may affect future tax charges:
A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and a further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

8 Trade and other receivables

	2018	2017
	£'000	£'000
Amounts due within one year		
Amounts owed by Group undertakings	**5,113**	5,100

The amounts owed by Group undertakings relate to a call account balance with GlaxoSmithKline IHC Limited of £5,113,000 (2017: £5,100,000) which is unsecured with interest received at LIBOR rate less 0.125% (2017: LIBOR rate less 0.125%) per annum and is repayable on demand.

9 Trade and other payables

	2018	2017
	£'000	£'000
		Restated
Amounts falling due within one year		
Amounts owed to Group undertakings	**477**	478
Corporation tax	**3**	-
	480	478

The amounts owed to Group undertakings are unsecured, interest free and are repayable on demand.

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

10 Other non-current liabilities

	2018	2017
	£'000	£'000
		Restated
Amounts falling due after more than one year		
Amount owed to Group undertakings	**(3,680)**	(3,680)
	(3,680)	(3,680)

Following managements review of the terms of the preference share in conjunction with the relevant IFRS, management have concluded that classifying these preference shares as equity was erroneous and have reclassified the preference shares to a liability classification. The correction has resulted in a loss of £467,000 in the prior year opening retained earnings in the statement of changes in equity and a reclassification adjustment amounting to £3,680,000 on the statement of financial position.

11 Share capital

	2018 Number of shares	2017 Number of shares	2018 £'000	2017 £'000
Issued and fully paid				
Ordinary Shares of £10 each (2017: £10 each)	**91,980**	91,980	**920**	920

12 *Contingent liabilities*

Group banking arrangement

The Company, together with fellow Group undertakings has entered into a Group banking arrangement with the Company's principal bank. The bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the bank of any other party to this agreement. The Company's maximum potential liability as at 31 December 2018 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

13 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 (2017: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2017: £nil).

14 Related party transactions

On 1 June 2018, the Group completed the transaction with Novartis AG ("Novartis") to buy out Novartis' 36.5% stake in their Consumer Healthcare subgroup. The Consumer Healthcare subgroup was formed between the Group and Novartis in 2015, and the Group had control with an equity interest of 63.5%. Upon the completion of the transaction, the Group assumed full ownership of the Consumer Healthcare business.

Effective from 1 June 2018, as a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced disclosure framework' not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.

Prior to 1 June 2018, GlaxoSmithKline Services Unlimited provided services and facilities to the Company including finance, legal, administrative services and IT support for which a management fee of £4,260 (2017: £10,000) has been charged.

The table below outlines related party transactions up to 1 June 2018:

Name of related party	2018 £'000	2017 £'000
GlaxoSmithKline IHC Limited	**8**	8
GlaxoSmithKline Services Unlimited	**(4)**	(10)

Stafford-Miller Limited
(Registered number: 00318499)

Notes to the financial statements for the year ended 31 December 2018

14 Related party transactions (continued)

The table below outlines the amounts receivable/(payable) to related parties at the end of the year 2017:

Name of related party	2017 £'000 Restated
GlaxoSmithKline IHC Limited	5,100
Wellcome Limited	467
GlaxoSmithKline Services Unlimited	(10)

15 Prior period adjustments

Following managements review of the terms of the preference share in conjunction with the relevant IFRS, management have concluded that classifying these preference shares as equity was erroneous and have reclassified the preference shares to a liability classification. The correction has resulted in a loss of £467,000 in the prior year opening retained earnings in the statement of changes in equity and a reclassification adjustment amounting to £3,680,000 on the statement of financial position.

	2017 before restatement £'000	Prior period adjustment £'000	2017 restated £'000
Adjustments to the balance sheet			
Trade and other payables	(11)	(467)	(478)
Other non-current liabilities	-	(3,680)	(3,680)
Share capital	4,600	(3,680)	920