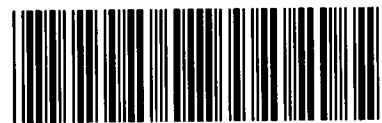


GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Annual Report

for the year ended 31 December 2018

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

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Annual Report

for the year ended 31 December 2018

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GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report on GlaxoSmithKline Caribbean Limited (the "Company") 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 limited by shares 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 the sale of pharmaceutical and consumer healthcare products through its branches in Trinidad & Tobago and Jamaica. The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a loss for the financial year of £366,000 (2017: loss for the financial year of £978,000). The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The loss for the year of £366,000 will be transferred from reserves (2017: loss for the year of £978,000 transferred from reserves).

Principal risks and uncertainties

The Directors of GlaxoSmithKline 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 Directors believe 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 2018 Annual Report which does not form part of this report.

Key performance indicators (KPIs)

The Directors of the Group manage the Group's operations on an operating segment basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2018 Annual Report which does not form part of this report.

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 medicines, vaccines and 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.

By order of the Board



C Panagiotidis
Director
25 September 2019

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2018

The Directors present their report on the Company and the audited financial statements of the Company for the year ended 31 December 2018.

Results and dividends

The Company's results for the financial year are shown in the income statement and statement of comprehensive income on pages 7 and 8 respectively.

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

Branches

The Company had the following branches during the year and prior year:

GlaxoSmithKline Caribbean Limited - Jamaica

GlaxoSmithKline Caribbean Limited - Trinidad and Tobago

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:

Edinburgh Pharmaceutical Industries Limited

Glaxo Group Limited

A Walker

C Panagiotidis

(Appointed on 15 February 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 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, her or their engagement in the business of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report 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 elected to prepare 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.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2018

Statement of Directors' responsibilities (continued)

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 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.

The following items have been included in the strategic report on page 1:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators; and
- approach to Brexit;

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.

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.

By order of the Board



C Panagiotidis
Director
25 September 2019

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Independent auditor's report to the members of GlaxoSmithKline Caribbean Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of GlaxoSmithKline Caribbean 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 loss 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 related notes 1 to 21.

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.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Independent auditor's report to the members of GlaxoSmithKline Caribbean Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual 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 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.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Independent auditor's report to the members of GlaxoSmithKline Caribbean Limited

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.

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
Statutory Auditor
London, United Kingdom
25 September 2019

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Income statement
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Turnover	4	26,464	21,936
Cost of sales		(20,620)	(15,159)
Gross profit		5,844	6,777
Selling and distribution costs		(558)	(488)
Administrative expenses		(5,018)	(5,687)
Other operating expense		(476)	(327)
Operating (loss) / profit	5	(208)	275
(Loss) / profit before interest and taxation		(208)	275
Finance income	7	170	151
(Loss) / Profit before taxation		(38)	426
Taxation	8	(328)	(1,404)
Loss for the year		(366)	(978)

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

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Statement of comprehensive income
for the year ended 31 December 2018

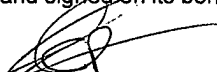
	Notes	2018 £'000	2017 £'000
Loss for the year		(366)	(978)
Items that may be subsequently reclassified to the income statement:			
Exchange movements on overseas net assets		346	(642)
Items that will not be reclassified to the income statement:			
Actuarial gain / (loss) on pension schemes	16	238	(314)
Tax effect of (loss) / gain on pension schemes	8	(59)	91
		179	(223)
Other comprehensive income / (loss) for the year		525	(865)
Total comprehensive income / (loss) for the year		159	(1,843)

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Balance sheet
as at 31 December 2018

	Notes	2018 £'000	2017 £'000 Restated
Non-current assets			
Property, plant and equipment	9	101	100
Intangible assets	10	-	8
Pensions and other post employment benefits	16	980	663
Total non-current assets		1,081	771
Current assets			
Inventories	11	1,519	804
Trade and other receivables	12,21	33,713	33,079
Cash and cash equivalents		1,396	1,761
Total current assets		36,628	35,644
Total assets		37,709	36,415
Current liabilities			
Trade and other payables	13	(1,939)	(1,750)
Accruals and deferred income	14	(2,156)	(1,121)
Total current liabilities		(4,095)	(2,871)
Net current assets		32,533	32,773
Total assets less current liabilities		33,614	33,544
Non-current liabilities			
Deferred tax liabilities	8	(43)	(132)
Total liabilities		(4,138)	(3,003)
Net assets		33,571	33,412
Equity			
Share capital	15	5,300	5,300
Retained earnings		28,271	28,112
Shareholders' equity		33,571	33,412

The financial statements on pages 7 to 26 were approved by the Board of Directors on 25 September 2019 and signed on its behalf by:



C Panagiotidis
Director

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

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		5,300	31,195	36,495
Effect of prior period:				
Exchange gain incorrectly booked in 2015	12 & 21	-	(1,240)	(1,240)
Balance at 1 January 2017 – restated		5,300	29,955	35,255
Loss for the year		-	(978)	(978)
Other comprehensive loss		-	(865)	(865)
Total comprehensive loss for the year		-	(1,843)	(1,843)
At 31 December 2017		5,300	28,112	33,412
Loss for the year		-	(366)	(366)
Other comprehensive income		-	525	525
Total comprehensive income for the year		-	159	159
At 31 December 2018		5,300	28,271	33,571

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

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

1 Presentation of the financial statements

General

The Company is a private company limited by shares 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 the sale of pharmaceutical and consumer healthcare products through its branches in Trinidad & Tobago and Jamaica. The Directors do not envisage any change to the nature of the business in the foreseeable future.

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 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 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.
- 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.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (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 and 18A 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.
- 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) below.

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 wholly owned 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 SmithKline Beecham Limited. 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 and general hedge accounting.

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

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

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

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.

(d) 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.

On consolidation, assets and liabilities of the overseas branches are translated into Sterling at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves. The Company retranslated its overseas branch results using the following rates (i) average rate of £1:TTD\$9.00 (2017:TTD\$8.74), (ii) period end rate of £1:TTD\$8.66 (2017:TTD\$9.10), (iii) average rate of £1:JAM\$171 (2017:JAM\$166) and (iv) period end rate of £1:JAM\$162 (2017:JAM\$168).

(e) Turnover

The Company recognises turnover for supply of goods and services to or other Group companies against orders received. The majority of contracts that the Company enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products. The average duration of a sales order is less than 12 months.

Turnover is recognised when control of the goods or services is passed to the customers. For manufacturing arrangements where goods are sold by the Company to other Group companies, turnover is recognised when control of the goods is passed to the customer. The point at which the control passes is determined by each customer arrangement. Turnover represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Turnover is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative turnover recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, turnover is adjusted accordingly. Value added tax and other sales taxes are excluded from turnover.

For manufacturing arrangements where the Company provides manufacturing services to other Group companies, turnover is recognised over time as the services are provided and corresponding costs incurred. Turnover represents the recharge of manufacturing costs to other Group companies with an agreed mark-up, excluding value added tax and other sales taxes.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

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

2 Summary of significant accounting policies (continued)

(f) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising and promotion expenditure is charged to the income statement as incurred.

(g) Finance income

Finance income is recognised on an accrual basis using the effective interest method.

(h) Property, plant and equipment

Property, plant and equipment is stated at the cost of purchase or construction less provisions for depreciation and impairment. Financing costs are capitalised within the cost of qualifying assets in construction.

Depreciation is calculated to write off the cost of property, plant and equipment, excluding freehold land, using the straight-line basis over their expected useful lives. The normal expected useful lives of the major categories of property, plant and equipment are:

Freehold buildings	20 to 50 years
Leasehold land and	The shorter of lease term or 50 years
Plant, equipment and vehicles	3 to 20 years

(i) Intangible assets

Intangible assets are stated at cost less a provision for amortisation and impairment.

Licences and patent rights separately acquired are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed or and where appropriate adjusted, annually. Contingent milestone payments are recognised at the point that the contingent event becomes probable. Any development costs incurred by the Company and associated with acquired licences or patents rights are written off to the income statement when incurred, unless the criteria for recognition of an internally generated intangible asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. ERP systems software is amortised over seven to ten years and other computer software over three to five years.

(j) Leases

All leases are operating leases and the rental costs are charged to the income statement on a straight-line basis over the lease term.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

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

2 Summary of significant accounting policies (continued)

(k) Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads, where appropriate) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is generally determined on a first in, first out basis. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product. Before that point a provision is made against the carrying value to its recoverable amount; the provision is then reversed at the point when a high probability of regulatory approval is determined.

(l) 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 nature of the business unit and the location and type of customer.

For other receivables, the general approach is used where the Company 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.

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

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

(n) 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.

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2 Summary of significant accounting policies (continued)

(o) 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.

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 using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(p) Pensions

The Company participates in Group operated hybrid pension schemes for the benefit of the majority of its employees, the assets of which are held separately from those of the Company in independently administered funds. As the Company is unable to identify its share of the assets and liabilities of the Group scheme, it accounts for contributions as if they were to a defined pension scheme. Contributions are charged to the income statements in the year to which they relate.

The Jamaica branch operates a defined benefit scheme based on final pensionable pay. The scheme assets are held separately in a trustee administered fund. The costs of providing pensions under the defined benefit scheme are calculated using the projected unit credit method and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries. Present obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds. Pension scheme assets are measured at fair value at the balance sheet date. Actuarial gains and losses, differences between the expected and actual returns of assets and the effect of changes in actuarial assumptions are recognised in the statement of other comprehensive income in the year in which they arise.

The Trinidad branch operates a defined contribution scheme, the assets of which are held separately in a trustee administered fund.

(q) Legal and other disputes

Provision is made for the anticipated settlement costs of legal or other disputes against the Company where an outflow of resources is considered probable and a reliable estimate can be made of the likely outcome. In addition, provision is made for legal or other expenses arising from claims received or other disputes. In respect of product liability claims related to certain products, there is sufficient history of claims made and settlements to enable management to make a reliable estimate of the provision required to cover unasserted claims. In certain cases, an incurred but not reported (IBNR) actuarial technique is used to determine this estimate.

The Company may become involved in legal proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that could result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included but no provision would be made. Costs associated with claims made by the Company against third parties are charged to the income statement as they are incurred.

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

2 Summary of significant accounting policies (continued)

(r) Share capital

Ordinary shares are classified as equity.

(s) Turnover for periods up to and including 31 December 2017

Turnover is recognised in the income statement when goods or services are supplied or made available to external customers or other Group subsidiaries against orders received, title and risk of loss is passed to the customer, reliable estimates can be made of the relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Turnover represents the net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates and returns. Value added tax and other sales taxes are excluded from turnover.

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

Trade 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 income statement.

Subsequent recoveries of amounts previously provided for are credited to the income statement.

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.

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

4 Turnover

Analysis of turnover by geography:

	2018 £'000	2017 £'000
Jamaica	11,810	12,488
Trinidad & Tobago	14,654	9,448
	26,464	21,936

Analysis of turnover by category:

	2018 £'000	2017 £'000
Pharmaceuticals	14,673	8,954
Consumer Healthcare	11,791	12,982
	26,464	21,936

5 Operating profit

	2018 £'000	2017 £'000
The following items have been charged / (credited) in operating profit:		
Depreciation of property, plant and equipment:		
Owned assets	22	30
Loss on disposal of property, plant and equipment	5	-
Exchange (gains) / losses on foreign currency transactions	86	320
Inventories:		
Cost of Inventories included in cost of sales	20,763	15,074
Write-down of Inventories	5	152
Reversal of prior year write-down of inventories	(148)	(67)
Operating lease rentals:		
Land and buildings	98	126
Management fee	29	11
Audit fees		
Auditors' overseas firm	17	17

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditor remuneration of £17,000 (2017: £17,000).

Depreciation is recorded within administrative expenses in the income statement.

Intangible asset amortisation is recorded within administrative expenses in the income statement.

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

6 Employees

	2018 £'000	2017 £'000
Employee costs		
Wages and salaries	2,630	2,759
Social security costs	137	168
Other post retirement costs	76	99
	2,843	3,026
The average monthly number of persons employed by the Company (including Directors)	2018 number	2017 number
Selling, general and administration	41	49

7 Finance income

	2018 £'000	2017 £'000
On loans with Group undertakings	119	68
On pensions	51	83

8 Taxation

	2018 £'000	2017 £'000
Income tax credit/ expense on loss/ profit		
Current tax:		
UK corporation tax	11	1
Overseas tax	287	115
Adjustments in respect of previous years	178	1,153
Total current tax	476	1,269
Deferred tax:		
Origination and reversal of timing differences	(148)	46
Adjustments in respect of previous years	-	2
Change in tax rate - impact on deferred tax	-	87
Total deferred tax	(148)	135
Total tax charge for the year	328	1,404

The tax assessed for the year is higher (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:

	2018 £'000	2017 £'000
Tax expense/(income) included in other comprehensive income		
Deferred tax:		
Defined benefit plans	59	(91)
Total tax expense/(income) included in other comprehensive income	59	(91)

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

8 Taxation (continued)

	2018	2017
	£'000	£'000
Reconciliation of total tax charge		
(Loss)/ Profit on ordinary activities before tax	(38)	426
(Loss)/Profit on ordinary activities at the UK statutory rate 19.00% (2017: 19.25%)	(7)	82
Effects of:		
Expenses not deductible for tax purposes		
Overseas tax	287	115
Income not taxable	(84)	(16)
Change in tax rate - impact on deferred tax	(46)	68
Adjustments to tax charge in respect of previous years - deferred tax	-	2
Adjustments to tax charge in respect of previous years - current tax	178	1,153
Total tax charge for the year	328	1,404
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. The deferred taxes at balance sheet date has been calculated based on these rates.

Movement in deferred tax assets and liabilities

	Accelerated capital allowances	Pensions and other post retirement benefits	Total
	£'000	£'000	£'000
At 1 January 2017	(73)	161	88
Charge to income statement	73	62	135
Charge to other comprehensive income	-	(91)	(91)
At 1 January 2018	-	132	132
Credit to income statement	-	(148)	(148)
Charge to other comprehensive income	-	59	59
At 31 December 2018	-	43	43

After offsetting deferred tax assets and liabilities where appropriate, the net deferred tax liability comprises:

	2018	2017
	£'000	£'000
Deferred tax liabilities classified as non-current liabilities	43	132
	43	132

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

9 Property, plant and equipment

	Motor vehicles £'000	Plant, equipment and furniture £'000	Assets in construction £'000	Total £'000
Cost				
At 1 January 2018	15	170	31	216
Additions	-	31	1	32
Disposals and write-offs	-	(74)	-	(74)
Exchange adjustments	3	13	1	17
At 31 December 2018	18	140	33	191
Accumulated depreciation				
At 1 January 2018	(13)	(103)	-	(116)
Charge for the year	-	(22)	-	(22)
Disposals and write-offs	-	60	-	60
Exchange adjustments	(2)	(10)	-	(12)
At 31 December 2018	(15)	(75)	-	(90)
Net book value at 1 January 2018	2	67	31	100
Net book value at 31 December 2018	3	65	33	101

Depreciation is recorded within administrative expenses in the income statement.

10 Intangible assets

	Computer Software £'000
Cost	
At 1 January 2018	860
Exchange adjustments	36
At 31 December 2018	896
Accumulated amortisation	
At 1 January 2018	(852)
Exchange adjustments	(44)
At 31 December 2018	(896)
Net book value at 1 January 2018	8
Net book value at 31 December 2018	-

Intangible asset amortisation is recorded within administrative expenses in the income statement.

11 Inventories

	2018 £'000	2017 £'000
Finished goods	1,519	804

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

12 Trade and other receivables

	2018 £'000	2017 £'000 Restated
Amounts due within one year		
Trade receivables	5,297	4,958
Less: provision for impairment of trade receivables	(12)	(98)
Trade receivables - net	5,285	4,860
Amounts owed by Group undertakings	27,450	27,204
Corporation tax	-	263
Other receivables	978	752
	33,713	33,079

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand, except for a call account balance with GlaxoSmithKline Finance plc of £26,421,000 (2017: £23,486,000) with interest received at LIBOR rate less 0.125% (2017: LIBOR rate less 0.125%) per annum.

13 Trade and other payables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Trade Payables	254	438
Amounts owed to Group undertakings	1,654	1,250
Corporation tax	29	-
Other taxation and social security	2	62
	1,939	1,750
Amounts due after more than one year		
Deferred tax (Note 8)	43	132

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand. The corporation tax payable contains amounts which will be paid to fellow Group companies.

14 Accruals and deferred income

	2018 £'000	2017 £'000
Amounts falling due within one year	2,156	1,121

15 Share capital

	2018 Number of shares	2017 Number of shares	2018 £'000	2017 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2017: £1 each)	5,300,000	5,300,000	5,300	5,300

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

16 Pensions

(a) Trinidad branch

The Trinidad and Tobago branch operates a defined contribution scheme. The assets of the scheme are held separately in a trustee administered fund. Contributions to the fund are charged to the income statement in the period to which the contributions relate. The charge for the year was £36,619 (2017: £42,291). There was no outstanding credit balance in respect of the scheme as at 31 December 2018 (2017: £nil).

(b) Jamaica branch

The Jamaica branch operates a defined benefit scheme based on final pensionable pay. The scheme assets are held separately in a trustee administered fund. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of annual valuations using the projected unit method. The most recent valuation was at 31 December 2018. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the expected investment returns would be 7.0% per annum, salary increases would be 5.0% and pension increases would be 0%.

The total amount charged to the income statement during the year was credit of £270,000 (2017: credit of £542,843).

The Company accounts for pension arrangements in accordance with IAS19 'Employee Benefits'. Certain disclosures are required on the basis of the valuation methodology adopted by IAS19. For defined benefit schemes the fair values of pension scheme assets at 31 December 2018 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

Principal financial assumptions

	2018 % pa	2017 % pa
Rate of increase of future earnings	5.0	5.5
Discount rate	7.0	8.0
Expected pension increases	-	2.5
Inflation rate	3.0	5.0

Mortality Assumptions

Mortality for all members is based on the 1994 Group Annuity Mortality Tables (GAM 94) with projections to the Measurement Date, using scale AA.

The fair values of the assets and liabilities of the defined benefit schemes are as follows:

	2018 £'000	2017 £'000	2016 £'000
Equity	1,348	1,002	743
Bonds	752	937	1,034
Other	885	874	917
Fair value of assets	2,985	2,813	2,694
Present value of funded scheme obligations	(1,643)	(1,652)	(1,746)
Effect of Asset Ceiling	(362)	(498)	-
Surplus in the scheme	980	663	948

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

16 Pensions (continued)

The actual return on scheme assets was £258,270 (2017: credit of £542,843).

The following amounts were recorded in the income statement and statement of other comprehensive income for the year ended 31 December 2018:

Amounts charged to operating profit	2018 £'000	2017 £'000
Current service cost	20	29
Admin Expenses	4	3
Total	24	32
 Amounts credited / (charged) to net interest	 2018 £'000	 2017 £'000
Expected return on pension scheme assets	211	233
Interest on pension scheme liabilities	(119)	(150)
Interest on effect of asset ceiling	(41)	-
Total	51	83
 Amounts recorded in statement of other comprehensive income	 2018 £'000	 2017 £'000
Actual return less expected return on pension scheme assets	47	310
Experience gains and losses arising on the scheme liabilities	7	(47)
Changes in assumptions underlying the present value of the scheme liabilities	(11)	(79)
Change in Effect of Asset Ceiling	195	(498)
Actuarial gain / (loss) recognised	238	(314)
 Changes to the present value of the defined obligation are as follows:	 2018 £'000	 2017 £'000
Obligation in schemes at 1 January	1,652	1,746
Effect on retranslation of surplus at current year exchange rates	57	(92)
Movement in year:		
Current service cost	20	29
Contributions by plan participants	36	47
Benefits paid	(245)	(354)
Interest cost	119	150
Actuarial loss recognised in statement of comprehensive income	4	126
Obligation in schemes at 31 December	1,643	1,652

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

16 Pensions (continued)

Changes to the fair value of plan assets during the year are as follows:	2018 £'000	2017 £'000
Assets at 1 January	2,813	2,694
Effect on retranslation of surplus at current year exchange rates	106	(144)
Movement in year:		
Contributions by plan participants	36	47
Contributions by plan employer	21	30
Benefits paid	(245)	(354)
Interest Income on Plan Assets	211	233
Admin Expenses	(4)	(3)
Actuarial gains recognised in the statement of comprehensive income	47	310
Assets at 31 December	2,985	2,813

Sensitivity Analysis on Present Value of Obligation

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:	2018 £'000	2017 £'000
A 1% decrease in discount rate would have the following approximate effect:		
Increase in projected benefit obligation	52	146
A 1% increase in discount rate would have the following approximate effect:		
Decrease in projected benefit obligation	40	117
A 1% decrease in Salary Escalation rate would have the following approximate effect:		
Decrease in projected benefit obligation	25	32
A 1% increase in Salary Escalation rate would have the following approximate effect:		
Increase in projected benefit obligation	29	37
A 1% decrease in Pension Increases rate would have the following approximate effect:		
Decrease in projected benefit obligation	-	20
A 1% decrease in Pension Increases rate would have the following approximate effect:		
Increase in projected benefit obligation	-	23

Liability Duration

Average liability duration as on 31 December 2018 for the Active Members is 5.4 years (2017: 15.6 years), Deferred Pensioners is nil years (2017: nil years) and all Participants is 2.6 years (2017: 8 years).

17 Capital and other commitments

Commitments under non-cancellable operating leases	2018 £'000	2017 £'000
Rental payments due within one year	156	130

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

18 Contingent liabilities

	2018	2017
	£'000	£'000
Guarantees and letters of indemnity	35	34

Contingent liabilities include guarantees of £33,951 to Commissioner of Customs and £1,134 to Ministry of Health. The Company is liable to Citibank if default occurs to the full amount of the guarantee if the liability is in excess or to the amount paid if the liability is less. The amount payable to Citibank would be £35,084 and Citibank will give the beneficiary three months notice if the Company wishes to cancel the guarantee. There are no possibilities of reimbursement. The Company is liable up to the amount of the guarantee and, if in excess, the Company will have to pay outside of the guarantee agreement. No security is provided in respect of the Guarantees.

19 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).

20 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by FRS 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. There are no other related party transactions.

21 Prior period adjustments

Following managements review of intercompany receivables, it has been determined that an exchange gain recorded pertaining to prior intercompany balances has been deemed erroneous. The original entry was recorded in 2015 and has been decided to reverse the original entry amounting to £1,240,000 to ensure intercompany balances are correctly reflected. The correction has resulted in a loss of £1,240,000 in the prior year opening retained earnings in the statement of changes in equity and thereby reducing the Trade and other receivables on the statement of financial position. There are no tax implications for the prior period adjustment.

	2017 before restatement	Prior period adjustment	2017 restated
	£'000	£'000	£'000
Adjustments to the balance sheet			
Trade and other receivables	34,319	(1,240)	33,079
Opening retained earnings	31,195	(1,240)	29,955