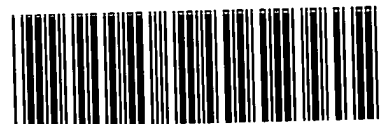


GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Annual Report and financial statements
for the year ended 31 December 2019

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

THURSDAY



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COMPANIES HOUSE

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Annual Report and financial statements

for the year ended 31 December 2019

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GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Strategic report for the year ended 31 December 2019

The Directors present their strategic report on GlaxoSmithKline Caribbean Limited (the "Company") for the year ended 31 December 2019.

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 in 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 profit for the financial year of £670,000 (2018: loss for the financial year of £366,000). The Directors do not envisage any change to the nature of the business in the foreseeable future.

The profit for the year of £670,000 will be transferred to reserves (2018: loss for the year of £366,000 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 2019 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 2019 annual report which does not form part of this report.

Approach to Brexit

In preparing for the UK's exit from the EU (Brexit), our overriding priority has been to maintain continuity of supply of our products to people in the UK and EU. As a result, we have taken a risk based approach to planning and mitigation, in conjunction and complete alignment with the Group, whilst the negotiations on future relationships between the UK and the European Union is negotiated.

We have significant experience of maintaining resilient supply chains and have used existing processes to develop a new supply model based on the UK leaving the EU. Uncertainty remains about the new operating environment after the transition ends on 31 December 2020, but all preparations are being taken to minimise disruption to the supply of our products to consumers.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Strategic report for the year ended 31 December 2019 (continued)

Risks associated with the coronavirus outbreak

The potential impact of the coronavirus outbreak on the Company's trading performance remains uncertain. Up to the date of this Report, the outbreak has not had a material impact on the trading results of the Company. However, we continue to monitor the situation closely, including the potential impacts on trading results and our supply continuity and our employees. The situation could change at any time and there can be no assurance that the coronavirus outbreak will not have a material adverse impact on the future results of the Company.

Post balance sheet events

The Directors have considered the impact on the Company of the COVID-19 pandemic, which is a non-adjusting post balance sheet event. The Directors do not consider that there have been any material adverse changes to the carrying values of the Company's assets nor material adjustments to liabilities subsequent to the year-end which require disclosure in these financial statements.

Section 172 Companies Act 2006 statement

The Company's governance architecture and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term priorities of Innovation, Performance and Trust.

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

The Company has engaged with its main stakeholder groups, including our patients, shareholders, consumers, customers and Group employees, as further detailed in the stakeholder engagement statements in the directors' report and the feedback from the engagement has been considered by the Directors during the decision-making process.

On behalf of the Board



G Rivers
Director
1 October 2020

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2019

The Directors present their report on the Company and the audited financial statements of the Company for the year ended 31 December 2019.

Results and dividends

The Company's results for the financial year are shown in the income statement on page 10.

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2019 (2018: £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

C Panagiotidis (Appointed on 15 February 2019 and resigned on 2 March 2020)

G Rivers (Appointed on 2 March 2020)

A Walker (Resigned on 2 March 2020)

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 its 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 2019 (continued)

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 and 2:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators;
- approach to Brexit;
- risks associated with the coronavirus outbreak;
- post balance sheet events; and
- section 172 Companies Act 2006 statement.

Modern Slavery

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 2019.

Corporate Governance

As a subsidiary company of the Group which is listed on the New York and London Stock Exchanges, the Company has developed governance practices and processes that are fit for purpose.

The Directors have applied an undocumented system of governance by:

- (a) Promoting the purpose of the Group to deliver manufacturing and distribution of medicines through its subsidiaries' operations.
- (b) Regularly reviewing its composition to ensure that it has an appropriately diverse balance of skills, backgrounds, experience and knowledge and that individual Directors have sufficient capacity to make a valuable contribution.
- (c) To support effective decision-making Directors take into account the System of Internal Control and the Code of Conduct when acting in their capacity as a Director of the Company.
- (d) In accordance with the governance practices and processes that it adopts, the Board is supported by Systems of Internal Control to identify opportunities to create and preserve value.
- (e) Having regard to and fostering good stakeholder relationships.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2019 (continued)

Stakeholder Engagement

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

The Company's activities affect a wide variety of individuals and organisations. The Company engages with these stakeholders and listens to their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making.

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

The Group seeks to engage with customers through social media, focus groups and in-depth interviews with customers to better understand customer's needs and seek their feedback.

Employee Engagement

Employees of the Company are informed of information on matters of concern to them as employees through the employee intranet and local sites, social media channels, town halls, site visits and webinars including topics such as quarterly results, strategy, business updates and diversity.

There are a number of employee share plans in place at Group level. The Group operates ShareSave and ShareReward plans. The Group also operates group-wide discretionary share plans, which allow employee participation at different levels globally and is linked to the Group's performance.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks to customer demand and operational risks to distribution channels. The Directors have taken into account that as part of the GSK Group of companies, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to auditor

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

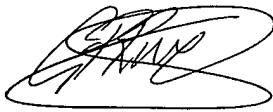
GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2019 (continued)

Independent auditor

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 at a general meeting during the year in accordance with s485(4) Companies Act 2006.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G Rivers', enclosed within a hand-drawn oval border.

G Rivers
Director
1 October 2020

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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 have reviewed the directors' disclosures in the financial statements about whether they consider it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements

We considered as part of our risk assessment the nature of the Company and its subsidiaries, its business model and related risks including where relevant the impact of COVID-19, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

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
(continued)

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
(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.

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
2 October 2020

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Income statement
for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	4	28,200	26,464
Cost of sales		(22,789)	(20,620)
Gross profit		5,411	5,844
Selling and distribution costs		(208)	(558)
Administrative expenses		(4,810)	(5,018)
Other operating expenses		(84)	(476)
Operating profit / (loss)	5	309	(208)
Profit / (loss) before interest and taxation		309	(208)
Finance income	7	214	170
Profit / (loss) before taxation		523	(38)
Taxation	8	147	(328)
Profit / (loss) for the year		670	(366)

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 2019

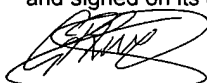
	Notes	2019 £'000	2018 £'000
Profit / (loss) for the year		670	(366)
Items that may be subsequently reclassified to the income statement:			
Exchange movements on overseas net assets		(425)	346
Items that will not be reclassified to the income statement:			
Actuarial (loss)/gain on pension schemes	17	(476)	238
Tax effect of (loss)/gain on pension schemes	8	-	(59)
		(476)	179
Other comprehensive (expense)/income for the year		(901)	525
Total comprehensive (expense)/income for the year		(231)	159

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Balance sheet
as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	9	17	101
Right of use assets	10	91	-
Deferred tax assets	8	267	-
Pensions and other post employment benefits	17	486	980
Total non-current assets		861	1,081
Current assets			
Inventories	11	2,124	1,519
Trade and other receivables	12	31,288	33,713
Cash and cash equivalents		2,662	1,396
Corporation tax - overseas		111	-
Total current assets		36,185	36,628
Total assets		37,046	37,709
Current liabilities			
Trade and other payables	13	(1,461)	(1,910)
Short-term borrowings	14	(64)	-
Corporation tax - UK		(21)	(10)
Corporation tax - overseas		-	(19)
Accruals and deferred income	15	(2,134)	(2,156)
Total current liabilities		(3,680)	(4,095)
Net current assets		32,505	32,533
Total assets less current liabilities		33,366	33,614
Non-current liabilities			
Deferred tax liabilities	8	-	(43)
Long-term borrowings	14	(26)	-
Total non-current liabilities		(26)	(43)
Total liabilities		(3,706)	(4,138)
Net assets		33,340	33,571
Equity			
Share capital	16	5,300	5,300
Retained earnings		28,040	28,271
Shareholder's equity		33,340	33,571

The financial statements on pages 10 to 29 were approved by the Board of Directors on 1 October 2020 and signed on its behalf by:



G Rivers
Director

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Statement of changes in equity
for the year ended 31 December 2019

	Share Capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018	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
Profit for the year	-	670	670
Other comprehensive expense	-	(901)	(901)
Total comprehensive expense for the year	-	(231)	(231)
At 31 December 2019	5,300	28,040	33,340

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Notes to the financial statements for the year ended 31 December 2019

1 Presentation of the financial statements

General Information

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 in 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.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks to customer demand and operational risks to distribution channels. The Directors have taken into account that as part of the GSK Group of companies, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101 to requirements set by the International Financial Reporting Standards (IFRS). Therefore these financial statements do not include:

- 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);

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Notes to the financial statements for the year ended 31 December 2019

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- 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'.
- 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';
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- 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; 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) 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.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Notes to the financial statements for the year ended 31 December 2019

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a wholly owned subsidiary of the ultimate parent company. GlaxoSmithKline plc, a company registered in United Kingdom (England), 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 16 'Leases'

The Company has applied IFRS 16 'Leases' with effect from 1 January 2019. IFRS 16 introduces new requirements for the definition of a lease, lessee accounting and lessor accounting as well as a number of new disclosures. In general, all leases within the scope of IFRS 16 are required to be brought on to the balance sheet by lessees, recognising a 'right of use' asset and a related lease liability at the commencement of the lease. The subsequent accounting is similar to the finance lease model set out in IAS 17. IFRS 16 establishes a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

The Company has adopted IFRS 16 applying the modified retrospective approach, and accordingly prior year results have not been restated. For larger leases (leases with annual payments of £1 million or more), the right of use asset at 1 January 2019 was calculated based on the original lease inception date and for smaller leases (leases with annual payments of less than £1 million) the right of use asset was set equal to the lease liability at 1 January 2019, adjusted for any prepaid or accrued lease payments, onerous lease provisions and business combination fair value adjustments. Any difference between the previous carrying amount and the revised carrying amount at 1 January 2019 has been recognised as an adjustment to opening retained earnings at 1 January 2019. The Company has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into either before the date of initial application or after. There have been no significant changes as a result for the vast majority of contracts.

The following permitted practical expedients were applied at transition:

- The right of use asset at the date of transition was adjusted by the amount of the existing onerous lease provision at 31 December 2018, without re-assessment.
- Leases ending within 12 months of the transition date were treated as short-term leases on a lease-by-lease basis.
- Initial direct costs were excluded from The measurement of The right of use asset at The transition date on a lease-by-lease basis.
- Hindsight was applied, such as in determining the lease term where contracts contained options to extend or terminate the lease.

The weighted average incremental borrowing rate applied to lease liabilities recognised on 1 January 2019 was 3.13%.

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Notes to the financial statements for the year ended 31 December 2019

2 Summary of significant accounting policies (continued)

(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\$8.67 (2018:TTD\$9.00), (ii) period end rate of £1:TTD\$8.93 (2018:TTD\$8.66), (iii) average rate of £1:JAM\$168.89 (2018:JAM\$171) and (iv) period end rate of £1:JAM\$175.08 (2018:JAM\$162).

(e) Turnover

The Company recognises turnover for supply of goods and services to 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 is passed to the customer. The point at which control passes is determined by each customer arrangement. Product 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.

(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. Distribution costs on sales to customers are included in selling and distribution costs in the Income statement.

(g) Finance income and expense

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

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Notes to the financial statements for the year ended 31 December 2019

2 Summary of significant accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment is stated at the cost of purchase or construction less residual value and 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 buildings	The shorter of lease term or 50 years
Plant, equipment and vehicles	3 to 20 years

On disposal of the property, plant and equipment, the cost and related accumulated depreciation and impairment are removed from the financial statements and the net amount, less any proceeds, is taken to the income statement.

(i) Leases

The Company recognises right of use assets under lease arrangements in which it is the lessee. Rights to use assets owned by other parties under lease agreements are capitalised at the inception of the lease and recognised on the balance sheet. The corresponding liability to the lessor is recognised as a lease obligation within short and long-term borrowings. The carrying amount is subsequently increased to reflect interest on the lease liability and reduced by lease payments made. For calculating the discounted lease liability on material leases (leases with annual payments of £2 million or more), the implicit rate in the lease is used. If this is not available, the incremental borrowing rate with a lease specific adjustment is used. If neither of these is available, and for leases with immaterial annual payments, the incremental borrowing rate is used. The incremental borrowing rate is calculated at the rate of interest at which the Group would have been able to borrow for a similar term and with a similar security the funds necessary to obtain a similar asset in a similar market.

Finance expenses are charged to the income statement so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Variable rents are not part of the lease liability and the right of use asset. These payments are charged to the income statement as incurred. Short-term and low value leases are not capitalised and lease rentals are also charged to the income statement as incurred.

Non-lease components are accounted for separately from the lease components in plant and equipment leases but are not separately accounted for in land and buildings or vehicle leases.

If modifications or reassessments occur, the lease liability and right of use asset are re-measured.

Right of use assets where title is expected to pass to the Company at a point in the future are depreciated on a basis consistent with similar owned assets. In other cases, right of use assets are depreciated over the shorter of the useful life of the asset or the lease term.

Notes to the financial statements for the year ended 31 December 2019

2 Summary of significant accounting policies (continued)

(j) 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.

(k) 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 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.

(l) 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.

(m) 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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Notes to the financial statements for the year ended 31 December 2019

2 Summary of significant accounting policies (continued)

(n) 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.

(o) 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, consistent with the advice of qualified actuaries. Pension 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 Company's contributions to defined contribution plans are charged to the income statement as incurred.

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

(p) 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.

(q) Share capital

Ordinary shares are classified as equity.

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Notes to the financial statements for the year ended 31 December 2019

3 Critical accounting judgements 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 judgements that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements. There have been no significant estimates or assumptions which are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 Turnover

Analysis of turnover by geography:

	2019 £'000	2018 £'000
Jamaica	13,245	11,810
Trinidad and Tobago	14,955	14,654
	28,200	26,464

Analysis of turnover by category:

	2019 £'000	2018 £'000
Pharmaceuticals	15,440	14,673
Consumer Healthcare	12,760	11,791
	28,200	26,464

5 Operating profit / (loss)

	2019 £'000	2018 £'000
The following items have been charged/(credited) in operating profit:		
Depreciation of property, plant and equipment:		
Owned assets	14	22
Right of use assets	136	-
Loss on disposal of property, plant and equipment	43	5
Exchange loss on foreign currency transactions	379	86
Inventories:		
Cost of inventories included in cost of sales	22,711	20,763
Write-down of inventories	83	5
Reversal of prior year write-down of inventories	(5)	(148)
Operating lease rentals:		
Land and buildings	-	98
Management fee	31	29
Audit fees		
Auditor's overseas firm	40	40

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's remuneration of £17,300 (2018: £17,000).

Depreciation is recorded within administrative expenses in the income statement.

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Notes to the financial statements for the year ended 31 December 2019

6 Employees

	2019	2018
	£'000	£'000
Employee costs		
Wages and salaries	1,930	2,630
Social security costs	128	137
Other post retirement costs	76	76
	2,134	2,843

The average monthly number of persons employed by the Company (including Directors)	2019	2018
	number	number
Selling, general and administration	42	41

7 Finance income

	2019	2018
	£'000	£'000
On loans with Group undertakings	147	119
On pensions	67	51
	214	170

8 Taxation

	2019	2018
	£'000	£'000
Income tax credit on profit		
Current tax:		
UK corporation tax	21	11
Overseas tax	176	287
Adjustments in respect of previous years	(34)	178
Total current tax	163	476
Deferred tax:		
Origination and reversal of timing differences	-	(148)
Adjustments in respect of previous years	(310)	-
Total deferred tax	(310)	(148)
Total tax (credit)/charge for the year	(147)	328

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%). The differences are explained below:

	2019	2018
	£'000	£'000
Tax expense/(income) included in other comprehensive income		
Deferred tax:		
Defined benefit plans	-	59
Total tax expense included in other comprehensive income	-	59

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Notes to the financial statements for the year ended 31 December 2019

8 Taxation (continued)

	2019	2018
	£'000	£'000
Reconciliation of total tax charge		
Profit / (loss) on ordinary activities before tax	523	(38)
Tax on ordinary activities at the UK statutory rate 19.00% (2018: 19.00%)	100	(7)
Effects of:		
Expenses not deductible for tax purposes		
Overseas tax	176	287
Income not taxable	(79)	(84)
Change in tax rate - impact on deferred tax	-	(46)
Adjustments to tax charge in respect of previous years - deferred tax	(310)	-
Adjustments to tax charge in respect of previous years - current tax	(34)	178
Total tax (credit) / charge for the year	(147)	328

Factors that may affect future tax charges:

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly and increase the deferred tax asset by £1k.

Movement in deferred tax assets and liabilities

	Pensions and other post retirement benefits £'000	Total £'000
At 1 January 2018	132	132
Credit to income statement	(148)	(148)
Charge to other comprehensive income	59	59
At 1 January 2019	43	43
Credit to income statement	(310)	(310)
Charge to other comprehensive income	-	-
At 31 December 2019	(267)	(267)

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

	2019	2018
	£'000	£'000
Deferred tax assets classified as non-current assets	267	-
Deferred tax liabilities classified as non-current liabilities	-	43
	267	43

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Notes to the financial statements for the year ended 31 December 2019

9 Property, plant and equipment

	Motor vehicles £'000	Plant, equipment and furniture £'000	Assets in construction £'000	Total £'000
Cost				
At 1 January 2019	18	286	33	337
Additions	-	-	-	-
Disposals and write-offs	(18)	(254)	-	(272)
Reclassifications	-	33	(33)	-
Adjustments	-	-	-	-
Exchange adjustments	-	(10)	-	(10)
At 31 December 2019	-	55	-	55
Accumulated depreciation				
At 1 January 2019	(15)	(221)	-	(236)
Charge for the year	(3)	(11)	-	(14)
Disposals and write-offs	18	186	-	204
Exchange adjustments	-	8	-	8
At 31 December 2019	-	(38)	-	(38)
Net book value at 1 January 2019	3	65	33	101
Net book value at 31 December 2019	-	17	-	17

Depreciation is recorded within administrative expenses in the income statement.

10 Right of use assets

	Land and buildings £'000
Net book value	
At 1 January 2019	10
Additions	220
Depreciation expense for the year ended 31 December 2019	(136)
Exchange differences	(3)
At 31 December 2019	91

There were no significant lease commitments for leases not commenced at year-end.

11 Inventories

	2019 £'000	2018 £'000
Finished goods	2,124	1,519

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Notes to the financial statements for the year ended 31 December 2019

12 Trade and other receivables

	2019 £'000	2018 £'000
Amounts due within one year		
Trade receivables	5,980	5,297
Less: Loss allowance of trade receivables	(19)	(12)
Trade receivables - net	5,961	5,285
Amounts owed by Group undertakings	24,130	27,450
Other receivables	1,197	978
	31,288	33,713

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 £22,381,000 (2018: £26,421,000) with interest received at LIBOR rate less 0.125% (2018: LIBOR rate less 0.125%) per annum.

13 Trade and other payables

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade payables	322	254
Amounts owed to Group undertakings	1,138	1,654
Other taxation and social security	1	2
	1,461	1,910

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

In the current financial year, corporation tax liability has been presented separately on the balance sheet which has resulted in the change of the comparatives on the balance sheet.

14 Borrowings

	2019 £'000	2018 £'000
Amounts falling due within one year		
Lease liabilities	64	-
Amounts falling due after more than one year		
Lease liabilities	26	-
	90	-

15 Accruals and deferred income

	2019 £'000	2018 £'000
Amounts falling due within one year	2,134	2,156

16 Share capital

	2019 Number of shares	2018 Number of shares	2019 £'000	2018 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2018: £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 2019

17 Pensions

(a) Trinidad and Tobago 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 £41,218 (2018: £36,619). There was no outstanding credit balance in respect of the scheme as at 31 December 2019 (2018: £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 2019. 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 7.5% per annum, salary increases would be 5.0% and pension contribution increases would be 0%.

The total amount charged to the income statement during the year was credit of £192,318 (2018: credit of £270,000).

The Company accounts for pension arrangements in accordance with IAS 19, 'Employee Benefits'. Certain disclosures are required on the basis of the valuation methodology adopted by IAS 19. For defined benefit schemes the fair values of pension scheme assets at 31 December 2019 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

Principal financial assumptions

	2019 % pa	2018 % pa
Rate of increase of future earnings	5.0	5.0
Discount rate	7.5	7.0
Expected pension increases	-	-
Inflation rate	4.0	3.0

Mortality Assumptions

Mortality for all members is based on the RP-2014 Employee and Healthy Annuitant Mortality Rates projected to the Measurement Date, using the Society of Actuaries' Scale MP-2014.

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

	2019 £'000	2018 £'000
Equity	1,514	1,348
Bonds	707	752
Other	850	885
Fair value of assets	3,071	2,985
Present value of funded scheme obligations	(1,550)	(1,643)
Effect of Asset Ceiling	(1,035)	(362)
Surplus in the scheme	486	980

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Notes to the financial statements for the year ended 31 December 2019

17 Pensions (continued)

The actual return on scheme assets was £392,952 (2018: £258,270).

The following amounts were recorded in the income statement and statement of other comprehensive income for the year ended 31 December 2019:

Amounts charged to operating profit	2019 £'000	2018 £'000
Current service cost	22	20
Admin Expenses	4	4
Total	26	24
Amounts credited / (charged) to net interest	2019 £'000	2018 £'000
Expected return on pension scheme assets	192	211
Interest on pension scheme liabilities	(102)	(119)
Interest on effect of asset ceiling	(23)	(41)
Total	67	51
Amounts recorded in statement of other comprehensive income	2019 £'000	2018 £'000
Actual return less expected return on pension scheme assets	201	47
Experience gains and losses arising on the scheme liabilities	(8)	7
Changes in assumptions underlying the present value of the scheme liabilities	8	(11)
Change in Effect of Asset Ceiling	(677)	195
Actuarial (loss) / gain recognised	(476)	238
Changes to the present value of the defined obligation are as follows:	2019 £'000	2018 £'000
Obligation in schemes at 1 January	1,643	1,652
Effect on retranslation of surplus at current year exchange rates	(124)	57
Movement in year:		
Current service cost	22	20
Contributions by plan participants	27	36
Benefits paid	(120)	(245)
Interest cost	102	119
Actuarial loss recognised in statement of comprehensive income	-	4
Obligation in schemes at 31 December	1,550	1,643

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Notes to the financial statements for the year ended 31 December 2019

17 Pensions (continued)

Changes to the fair value of plan assets during the year are as follows:	2019 £'000	2018 £'000
Assets at 1 January	2,985	2,813
Effect on retranslation of surplus at current year exchange rates	(232)	106
Movement in year:		
Contributions by plan participants	27	36
Contributions by plan employer	16	21
Benefits paid	(120)	(245)
Interest income on plan assets	192	211
Admin Expenses	(4)	(4)
Actuarial gains recognised in the statement of comprehensive income	207	47

Assets at 31 December	3,071	2,985
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Sensitivity Analysis on Present Value of Obligation

The sensitivity of the defined benefit obligation to changes in the weighted assumption is:	2019 £'000	2018 £'000
A 1% decrease in discount rate would have the following approximate effect:		
Increase in projected benefit obligation	34	52
A 1% increase in discount rate would have the following approximate effect:		
Decrease in projected benefit obligation	26	40
A 1% decrease in Salary Escalation rate would have the following approximate effect:		
Decrease in projected benefit obligation	17	25
A 1% increase in Salary Escalation rate would have the following approximate effect:		
Increase in projected benefit obligation	19	29
A 1% decrease in Pension Increases rate would have the following approximate effect:		
Decrease in projected benefit obligation	-	-
A 1% decrease in Pension Increases rate would have the following approximate effect:		
Increase in projected benefit obligation	-	-

Liability Duration

Average liability duration as at 31 December 2019 for the Active Members is 4.1 years (2018: 5.4 years), Deferred Pensioners is nil years (2018: nil years) and all Participants is 1.9 years (2018: 2.6 years).

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Notes to the financial statements for the year ended 31 December 2019

18 Capital and other commitments

Commitments under non-cancellable operating leases for 2018 are disclosed below. Owing to the implementation of IFRS 16, disclosure for 2019 has not been provided as all leases have now come onto the balance sheet.

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

19 Contingent liabilities

	2019 £'000	2018 £'000
Guarantees and letters of indemnity	-	35

Contingent liabilities at 31 December 2019 were £nil. Contingent liabilities at 31 December 2018 include guarantees of £33,951 to Commissioner of Customs and £1,134 to Ministry of Health. The Company was liable to Citibank if default occurs to the full amount of the guarantee if the liability was in excess or to the amount paid if the liability was 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 was 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 was provided in respect of the Guarantees).

20 Events after the end of the reporting period

The Directors have considered the impact on the Company of the COVID-19 pandemic, which is a non-adjusting post balance sheet event. The Directors do not consider that there have been any material adverse changes to the carrying values of the Company's assets nor material adjustments to liabilities subsequent to the year-end which require disclosure in these financial statements.

21 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 (2018: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2018: £nil).

22 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.