

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Annual Report

for the year ended 31 December 2017



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 2017

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GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Strategic report for the year ended 31 December 2017

The Directors present their Strategic report on GlaxoSmithKline Caribbean Limited (the "Company") for the year ended 31 December 2017.

Principal activities and future developments

The Company is a member of the GlaxoSmithKline Group (the "Group"). 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.

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

Review of business

The Company made a loss for the financial year of £978,000 (2016: profit for the financial year of £518,000). 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 £978,000 will be transferred from reserves (2016: profit for the year of £518,000 transferred to 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 2017 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 2017 Annual Report which does not form part of this report.

By order of the Board



A Burns
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Corporate Director
19 September 2018

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2017

The Directors present their report on the Company and the audited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The Company's results for the financial year are shown in the income statement and statement of comprehensive income on pages 6 and 7 respectively.

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2017 (2016: £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

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 their duties.

In addition, each of the Directors who is an individual benefits from an indemnity given by another Group company, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by virtue of 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.

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.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Directors' report for the year ended 31 December 2017

Statement of Directors' responsibilities (continued)

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; and
- key performance indicators (KPIs).

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 2017.

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 auditors

Following the signing of the accounts the Company will be appointing Deloitte LLP as statutory auditors for the 2018 financial year.

By order of the Board



A Burns
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Corporate Director
19 September 2018

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Independent auditors' report to the members of GlaxoSmithKline Caribbean Limited

Report on the audit of the financial statements

Opinion

In our opinion, GlaxoSmithKline Caribbean Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2017; the Income statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described on page 5.

Independent auditors' report to the members of GlaxoSmithKline Caribbean Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

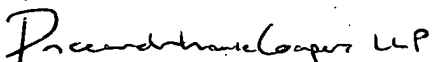
Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

The Company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 September 2018

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Income statement
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover	4	21,936	20,301
Cost of sales		(15,159)	(14,737)
Gross profit		6,777	5,564
Selling and distribution costs		(488)	(414)
Administrative expenses		(5,687)	(4,197)
Other operating expense		(327)	(77)
Operating profit	5	275	876
Profit before interest and taxation		275	876
Finance income	7	151	85
Profit before taxation		426	961
Taxation	8	(1,404)	(443)
(Loss) / Profit for the year		(978)	518

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 2017

	Notes	2017 £'000	2016 £'000
(Loss) / Profit for the year		(978)	518
Items that may be subsequently reclassified to the income statement:			
Exchange movements on overseas net assets		(642)	725
Items that will not be reclassified to the income statement:			
Actuarial (loss)/gain on pension schemes	16	(314)	39
Tax effect of loss/(gain) on pension schemes	8	91	(7)
		(223)	32
Other comprehensive (loss) / income for the year		(865)	757
Total comprehensive (loss) / income for the year		(1,843)	1,275

GlaxoSmithKline Caribbean Limited
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Balance sheet
as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	9	100	149
Intangible assets	10	8	29
Pensions and other post employment benefits	16	663	948
Total non-current assets		771	1,126
Current assets			
Inventories	11	804	725
Trade and other receivables	12	34,319	39,899
Cash and cash equivalents		1,761	1,974
Total current assets		36,884	42,598
Total assets		37,655	43,724
Current liabilities			
Trade and other payables	13	(1,750)	(6,480)
Accruals and deferred income	14	(1,121)	(661)
Total current liabilities		(2,871)	(7,141)
Net current assets		34,013	35,457
Total assets less current liabilities		34,784	36,583
Non-current liabilities			
Deferred tax liabilities	8	(132)	(88)
Total liabilities		(3,003)	(7,229)
Net assets		34,652	36,495
Equity			
Share capital	15	5,300	5,300
Retained earnings		29,352	31,195
Shareholders' equity		34,652	36,495

The financial statements on pages 6 to 22 were approved by the Board of Directors on 19 September 2018 and signed on its behalf by:



A Burns
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Director

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Statement of changes in equity
for the year ended 31 December 2017

	Share Capital £'000	Retained earnings £'000	Total £'000
At 1 January 2016	5,300	29,920	35,220
Profit for the year	-	518	518
Other comprehensive income	-	757	757
Total comprehensive income for the year	-	1,275	1,275
At 31 December 2016	5,300	31,195	36,495
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	29,352	34,652

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Notes to the financial statements for the year ended 31 December 2017

1 Presentation of the financial statements

General Information

GlaxoSmithKline Caribbean Limited (the "Company") is a member of the GlaxoSmithKline Group. 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.

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

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.

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);
- IFRS 7, 'Financial instruments: disclosures';
- 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;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d)- (statement of cash flows),
 - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirements for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third balance sheet),
 - 111 (cash flow statement information), and
 - 134 - 136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- 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 financial statements of GlaxoSmithKline plc can be obtained as described in Note 2(b) below.

GlaxoSmithKline Caribbean Limited
(Registered number: 00522215)

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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) 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\$8.74 (2016:TTD\$8.98), (ii) period end rate of £1:TTD\$9.10 (2016:TTD\$8.30), (iii) average rate of £1:JAM\$166 (2016:JAM\$169) and (iv) period end rate of £1:JAM\$168 (2016:JAM\$159).

(d) Turnover

Turnover is recognised in the income statement when goods or services are supplied or made available to external customers 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. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of historical information and past experience. Value added tax and other sales taxes are excluded from turnover.

(e) 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.

(f) Finance income

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

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(g) 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 tangible fixed assets are:

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

(h) 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.

(i) Impairment of non-financial assets

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the income statement in the year concerned.

Impairment losses on non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

(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.

(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 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.

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(m) Trade and other receivables (continued)

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

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Share capital

Ordinary shares are classified as equity.

Notes to the financial statements for the year ended 31 December 2017

3 Key accounting judgements and estimates

In preparing the financial statements, management is 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 following are considered to be the key accounting judgements and estimates made.

(a) Turnover

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangement and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of accrual is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Company.

(b) Taxation

Current tax is provided at the amounts expected to be paid or refunded, and deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted by the balance sheet date.

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, based on managements assumptions relating to the amounts and timing of future taxable profits.

(c) Intangible asset impairments and useful lives

Impairment tests on intangible assets are undertaken if events occur which call into question the carrying values of the assets. Where brands and other intangible assets which are not yet available for use are not amortised, they are subject to annual impairment tests. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

Licences, patents, know-how and marketing rights separately acquired or internally developed intellectual property rights that are available for use 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 are reviewed annually, and take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed, and where appropriate adjusted, annually.

(d) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the asset. See Note 9 for the carrying values of property, plant and equipment. Useful economic lives are disclosed in the accounting policy for property, plant and equipment.

(e) Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See Note 12 for the net carrying amount of receivables and associated impairment provision.

Notes to the financial statements for the year ended 31 December 2017

3 Key accounting judgements and estimates (continued)

(f) Pensions and other post-employment benefits

The costs of providing pensions and other post-employment benefits are charged to the income statement in accordance with IAS 19 'Employee benefits' over the period during which benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management. These assumptions include future earnings and pension increases, discount rates, expected long-term rates of return on assets and mortality rates, and are disclosed in Note 16. Where a surplus on a defined benefit scheme arises, or there is potential for a surplus to arise from committed future contributions, the rights of the Trustees to prevent the Company from obtaining a refund of that surplus in the future are considered in determining whether it is necessary to restrict the amount of the surplus that is recognised.

(g) Legal and other disputes

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice, are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

The Company's Directors, having taken legal advice, have established provisions after taking into account the relevant facts and circumstances of each matter and in accordance with accounting requirements. 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. 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 will result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included, but no provision would be made and no contingent liability can be quantified.

The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations. The position could change over time and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported in the Company's financial statements by a material amount.

(h) Inventory provisioning

The Company sells products and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

4 Turnover

Analysis of turnover by geography:

	2017 £'000	2016 £'000
Jamaica	12,488	10,958
Trinidad & Tobago	9,448	9,343
	21,936	20,301

Analysis of turnover by category:

	2017 £'000	2016 £'000
Pharmaceuticals	8,954	7,247
Consumer Healthcare	12,982	13,054
	21,936	20,301

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Notes to the financial statements for the year ended 31 December 2017

5 Operating profit

	2017 £'000	2016 £'000
The following items have been charged / (credited) in operating profit:		
Depreciation of property, plant and equipment:		
Owned assets	30	38
Amortisation of intangible assets	-	1
Exchange losses / (gains) on foreign currency transactions	320	(528)
Inventories:		
Cost of Inventories included in cost of sales	15,074	14,739
Write-down of Inventories	152	66
Reversal of prior year write-down of inventories	(67)	(68)
Operating lease rentals:		
Land and buildings	126	211
Management fee	11	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.

Depreciation is recorded within administrative expenses in the income statement.

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

6 Employees

	2017 £'000	2016 £'000
Employee costs		
Wages and salaries	2,759	2,475
Social security costs	168	157
Other post retirement costs	99	100
	3,026	2,732
The average monthly number of persons employed by the Company (including Directors)		
	2017 number	2016 number
Selling, general and administration	49	52

7 Finance Income

	2017 £'000	2016 £'000
On loans with Group undertakings	151	85

8 Taxation

	2017 £'000	2016 £'000
Income tax expense on profit		
Current tax:		
UK corporation tax at 19.25% (2016: 20.00%)	1	189
Group relief surrendered	-	-
Double Tax Relief	-	(172)
Overseas tax	115	423
Adjustments in respect of previous years	1,153	-
Total current tax	1,269	440
Deferred tax:		
Origination and reversal of timing differences	46	23
Adjustments in respect of previous years	2	(17)
Change in tax rate - impact on deferred tax	87	(3)
Total deferred tax	135	3
Total tax charge for the year	1,404	443

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Notes to the financial statements for the year ended 31 December 2017

8 Taxation (continued)

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
Tax (income)/expense included in other comprehensive income		
Deferred tax:		
Defined benefit plans	(91)	7
Total tax (income)/expense included in other comprehensive income	(91)	7
	2017 £'000	2016 £'000
Reconciliation of total tax charge		
Profit on ordinary activities before tax	426	961
Profit on ordinary activities at the UK statutory rate 19.25% (2016: 20.00%)	82	192
Effects of:		
Expenses not deductible for tax purposes		
Overseas tax	115	(172)
Income not taxable	(16)	-
Double tax relief	-	423
Fixed asset differences	-	6
Change in tax rate - impact on deferred tax	68	(7)
Adjustments to tax charge in respect of previous years - deferred tax	2	(17)
Adjustments to tax charge in respect of previous years - current tax	1,153	-
Other differences	-	18
Other permanent differences	-	-
Total tax charge for the year	1,404	443

Factors that may affect future tax charges:

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were fully enacted as part of the Finance Bill 2016 on 15 September 2016. These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. This will impact the Company's future current tax charge accordingly.

Movement in deferred tax assets and liabilities

	Accelerated capital allowances £'000	Pensions and other post retirement benefits £'000	Total £'000
At 1 January 2016	(56)	134	78
(Credit)/charge to income statement	(17)	20	3
Charge to equity	-	7	7
At 1 January 2017	(73)	161	88
Charge to income statement	73	62	135
Credit to equity	-	(91)	(91)
At 31 December 2017	-	132	132

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

	2017 £'000	2016 £'000
Deferred tax liabilities classified as non-current liabilities	132	88
	132	88

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Notes to the financial statements for the year ended 31 December 2017

9 Property, plant and equipment

	Motor vehicles £'000	Plant, equipment and furniture £'000	Assets in construction £'000	Total £'000
Cost				
At 1 January 2017	40	1,293	33	1,366
Additions	-	-	1	1
Disposals and write-offs	(19)	(1,023)	-	(1,042)
Reclassifications	-	-	(1)	(1)
Exchange adjustments	(6)	(100)	(2)	(108)
At 31 December 2017	15	170	31	216
Accumulated depreciation				
At 1 January 2017	(37)	(1,180)	-	(1,217)
Charge for the year	-	(30)	-	(30)
Disposals and write-offs	19	1,017	-	1,036
Exchange adjustments	5	90	-	95
At 31 December 2017	(13)	(103)	-	(116)
Net book value at 1 January 2017	3	113	33	149
Net book value at 31 December 2017	2	67	31	100

Depreciation is recorded within administrative expenses in the income statement.

10 Intangible assets

	Computer Software £'000
Cost	
At 1 January 2017	1,157
Disposals and write-offs	(205)
Reclassifications	1
Exchange adjustments	(93)
At 31 December 2017	860
Accumulated amortisation	
At 1 January 2017	(1,128)
Charge for the year	-
Disposals and write-offs	184
Exchange adjustments	92
At 31 December 2017	(852)
Net book value at 1 January 2017	29
Net book value at 31 December 2017	8

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 2017

11 Inventories

	2017 £'000	2016 £'000
Finished goods	804	725

12 Trade and other receivables

	2017 £'000	Restated 2016 £'000
Amounts due within one year		
Trade receivables	4,958	5,049
Less/Add: (provision for) / write back of impairment of trade receivables	(98)	32
Trade receivables - net	4,860	5,081
Amounts owed by Group undertakings	28,444	32,896
Corporation tax	263	1,271
Other receivables	752	651
	34,319	39,899

The corporation tax receivable contains amounts which will be recovered from fellow Group companies. 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 £23,486,000 (2016: £29,429,000) with interest received at LIBOR rate less 0.125% (2016: LIBOR rate less 0.125%) per annum.

13 Trade and other payables

	2017 £'000	2016 £'000
Amounts falling due within one year		
Trade Payables	438	262
Amounts owed to Group undertakings	1,250	6,177
Other taxation and social security	62	41
	1,750	6,480
Amounts due after more than one year		
Deferred tax (Note 8)	132	88

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

	2017 £'000	2016 £'000
Amounts falling due within one year	1,121	661

15 Share capital

	2017 Number of shares	2016 Number of shares	2017 £'000	2016 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2016: £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 2017

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 £42,291 (2016: £41,205). There was no outstanding credit balance in respect of the scheme as at 31 December 2017 (2016: £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 2017. 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 8.0% per annum, salary increases would be 5.5% and pension increases would be 2.5%.

The total amount charged to the income statement during the year was credit of £542,843 (2016: credit of £314,937).

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 2017 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

Principal financial assumptions

	2017 % pa	2016 % pa
Rate of increase of future earnings	5.5	6.5
Discount rate	8.0	9.0
Expected pension increases	2.5	3.0
Inflation rate	5.0	6.0

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:

	2017 £'000	2016 £'000	2015 £'000
Equity	1,002	743	541
Bonds	937	1,034	844
Other	874	917	729
Fair value of assets	2,813	2,694	2,114
Present value of funded scheme obligations	(1,652)	(1,746)	(1,356)
Effect of Asset Ceiling	(498)	-	-
Surplus in the scheme	663	948	758

The actual return on scheme assets was £542,843 (2016: credit of £314,937).

The following amounts were recorded in the income statement and statement of other comprehensive income for the year ended 31 December 2017:

Amounts charged to operating profit	2017 £'000	2016 £'000
Current service cost	29	34
Admin Expenses	3	7
Total	32	41

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Notes to the financial statements for the year ended 31 December 2017

16 Pensions (continued)

Amounts credited / (charged) to net interest	2017 £'000	2016 £'000
Expected return on pension scheme assets	233	198
Interest on pension scheme liabilities	(150)	(125)
Total	83	73
Amounts recorded in statement of other comprehensive income	2017 £'000	2016 £'000
Actual return less expected return on pension scheme assets	310	117
Experience gains and losses arising on the scheme liabilities	(47)	(134)
Changes in assumptions underlying the present value of the scheme liabilities	(79)	56
Change in Effect of Asset Ceiling	(498)	-
Actuarial (loss) / gain recognised	(314)	39
Changes to the present value of the defined obligation are as follows:	2017 £'000	2016 £'000
Obligation in schemes at 1 January	1,746	1,356
Effect on retranslation of surplus at current year exchange rates	(92)	154
Movement in year:		
Current service cost	29	34
Contributions by plan participants	47	53
Benefits paid	(354)	(54)
Interest cost	150	125
Actuarial loss recognised in statement of comprehensive income	126	78
Obligation in schemes at 31 December	1,652	1,746
Changes to the fair value of plan assets during the year are as follows:	2017 £'000	2016 £'000
Assets at 1 January	2,694	2,113
Effect on retranslation of surplus at current year exchange rates	(144)	241
Movement in year:		
Contributions by plan participants	47	53
Contributions by plan employer	30	33
Benefits paid	(354)	(54)
Interest Income on Plan Assets	233	198
Admin Expenses	(3)	(7)
Actuarial gains recognised in the statement of comprehensive income	310	117
Assets at 31 December	2,813	2,694
Sensitivity Analysis on Present Value of Obligation		
The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:	2017 £'000	2016 £'000
A 1% decrease in discount rate would have the following approximate effect:		
Increase in projected benefit obligation	146	206
A 1% increase in discount rate would have the following approximate effect:		
Decrease in projected benefit obligation	117	161
A 1% decrease in Salary Escalation rate would have the following approximate effect:		
Decrease in projected benefit obligation	32	68

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Notes to the financial statements for the year ended 31 December 2017

16 Pensions (continued)

Sensitivity Analysis on Present Value of Obligation (continued)

A 1% increase in Salary Escalation rate would have the following approximate effect:		
Increase in projected benefit obligation	37	89
A 1% decrease in Pension Increases rate would have the following approximate effect:		
Decrease in projected benefit obligation	20	44
A 1% decrease in Pension Increases rate would have the following approximate effect:		
Increase in projected benefit obligation	23	52

Liability Duration

Average liability duration as on 31 December 2017 for the Active Members is 15.6 years (2016: 17.3 years), Deferred Pensioners is nil years (2016: nil years) and all Participants is 8 years (2016: 10.6 years).

17 Capital and other commitments

	2017 £'000	2016 £'000
Commitments under non-cancellable operating leases		
Rental payments due within one year	130	115

18 Contingent liabilities

	2017 £'000	2016 £'000
Guarantees and letters of indemnity	34	37

Contingent liabilities include guarantees of £32,738 to Commissioner of Customs and £1,067 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 £33,805 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 (2016: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2016: £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.