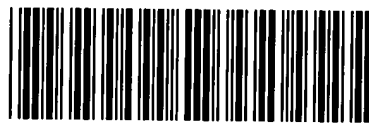


**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

**Annual Report**

**for the year ended 31 December 2018**

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COMPANIES HOUSE

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

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

**Annual Report**

**for the year ended 31 December 2018**

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**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

**Strategic report for the year ended 31 December 2018**

The Directors present their strategic report on SmithKline Beecham Overseas Limited (the "Company") for the year ended 31 December 2018.

**Principal activities and future developments**

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

The principal activities of the Company are to receive interest income on loans and to hold a hedging instrument on behalf of the Group.

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 £1,119,000 (2017: loss of £37,547,000). 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 profit for the year of £1,119,000 will be transferred to reserves (2017: £37,547,000 loss transferred from reserves).

**Principal risks and uncertainties**

The Directors of GlaxoSmithKline plc manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2018 Annual Report which does not form part of this report.

**Key performance indicators (KPIs)**

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

**Approach to Brexit**

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

On behalf of the Board



C Panagiotidis  
Director  
5 June 2019

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

**Directors' report for the year ended 31 December 2018**

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

**Results and dividends**

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

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

**Financial instruments**

The Company has entered into foreign currency swap contracts in order to hedge currency exposure at the Group level. No derivative financial instruments are designated as hedges in the Company. Further information related to the swap contracts can be found in Note 2(i) and Note 9.

**Directors and their interests**

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

Glaxo Group Limited	
Edinburgh Pharmaceutical Industries Limited	
S Dingemans	(Resigned on 1 May 2019)
C Panagiotidis	(Appointed on 15 February 2019)

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business with the exception of the Corporate Directors, where such an interest may arise in the ordinary course of business. A Corporate Director is a legal entity of the Group, as opposed to a natural person (an individual) Director.

**Directors' indemnity**

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

**Statement of Directors' responsibilities**

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

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

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

**Directors' report for the year ended 31 December 2018 (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 material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

**Governance**

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

**Disclosure of information to auditors**

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

**Independent auditor.**

PricewaterhouseCoopers LLP resigned during the year as the Company's auditor. Subsequently Deloitte LLP were appointed to act as the Company's auditors pursuant to section 485(3) Companies Act 2006.

On behalf of the Board



C Panagiotidis  
Director  
5 June 2019

**SmithKline Beecham Overseas Limited**  
**(Registered number: 02552828)**

**Independent auditor's report to the members of SmithKline Beecham Overseas Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, the financial statements of SmithKline Beecham Overseas Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

**Basis for opinion**

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

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

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**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.

**SmithKline Beecham Overseas Limited**  
**(Registered number: 02552828)**

**Independent auditor's report to the members of SmithKline Beecham Overseas Limited (continued)**

**Other information (continued)**

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](http://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.

**SmithKline Beecham Overseas Limited**  
**(Registered number: 02552828)**

**Independent auditor's report to the members of SmithKline Beecham Overseas 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*

Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
5 June 2019



**SmithKline Beecham Overseas Limited**  
**(Registered number: 02552828)**

**Statement of comprehensive income**  
**for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Other operating expense		(2,318)	(51,344)
Finance income	6	3,702	4,846
<b>Operating profit / (loss)</b>	4	<b>1,384</b>	<b>(46,498)</b>
<b>Profit / (loss) before taxation</b>		<b>1,384</b>	<b>(46,498)</b>
Taxation	7	(265)	8,951
<b>Profit / (loss) for the year</b>		<b>1,119</b>	<b>(37,547)</b>

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

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

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

**Balance sheet**  
**as at 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Current assets</b>			
Trade and other receivables	8	41,678	56,486
Derivative financial instruments	9	1,829	-
<b>Total current assets</b>		<b>43,507</b>	<b>56,486</b>
<b>Current liabilities</b>			
Trade and other payables	10	(2,072)	(15,662)
Derivative financial instruments	9	-	(508)
<b>Total current liabilities</b>		<b>(2,072)</b>	<b>(16,170)</b>
<b>Net current assets</b>		<b>41,435</b>	<b>40,316</b>
<b>Total assets less current liabilities</b>		<b>41,435</b>	<b>40,316</b>
<b>Net assets</b>		<b>41,435</b>	<b>40,316</b>
<b>Equity</b>			
Share capital	11	8	8
Retained earnings		41,427	40,308
<b>Shareholders' equity</b>		<b>41,435</b>	<b>40,316</b>

The financial statements on pages 7 to 17 were approved by the Board of Directors on 5 June 2019 and signed on its behalf by:



C Panagiotidis  
Director  
5 June 2019

**SmithKline Beecham Overseas Limited**  
**(Registered number: 02552828)**

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

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 January 2017	8	77,855	77,863
Loss and total comprehensive loss for the year	-	(37,547)	(37,547)
<b>At 31 December 2017</b>	<b>8</b>	<b>40,308</b>	<b>40,316</b>
Profit and total comprehensive income for the year	-	1,119	1,119
<b>At 31 December 2018</b>	<b>8</b>	<b>41,427</b>	<b>41,435</b>

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

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

**1 Presentation of the financial statements**

**General information**

The Company is a private company 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 activities of the Company are to receive interest on loans and to hold a hedging instrument on behalf of the Group. The Company is a member of the Group.*

**2 Summary of significant accounting policies**

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

**(a) Basis of preparation**

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

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

The financial statements are presented in Pounds Sterling.

**Disclosure exemptions adopted**

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

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

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

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

**2 Summary of significant accounting policies (continued)**

**(a) Basis of preparation (continued)**

**Disclosure exemptions adopted (continued)**

- 38B-D (additional comparative information),
- 40A-D (requirements for a third balance sheet),
- 111 (cash flow statement information), and
- 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(b) Ultimate and immediate parent undertaking**

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

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

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

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

**Classification and measurement of financial assets**

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

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

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

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

**2 Summary of significant accounting policies (continued)**

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

The Company's trade and other receivables were all classified as financial assets measured at amortised cost under IAS 39. Under IFRS 9, the business model under which each portfolio of trade and other receivables held has been assessed. The Company has portfolio under IFRS 9 to collect the contractual cash flows which is measured at amortised cost.

There were no material changes in the carrying value of the financial assets as a result of these changes in measurement basis.

**Impairment of financial assets**

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

12-month ECLs are applied to all financial assets not measured at FVTPL except for net trade receivables which are measured reflecting lifetime ECLs using the simplified approach. No ECL allowance for trade receivables was recognised on transition to IFRS 9.

**(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 statement of comprehensive income. The functional and presentation currency of the Company is Pounds Sterling.

**(e) Expenditure**

Expenditure is recognised in respect of services received when supplied in accordance with contractual terms.

**(f) Finance income**

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

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

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

**2 Summary of significant accounting policies (continued)**

**(g) Trade and other receivables**

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

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

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

**(h) Trade and other payables**

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

**(i) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Company are forward foreign exchange contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial assets and liabilities are classified as held-for trading and are measured at fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income. No derivative financial instruments are designated as hedging instruments in the Company.

**(j) Taxation**

Current tax is provided at the amounts expected to be paid or refunded applying the tax rates that have been enacted or substantively enacted at the balance sheet date.

**(k) Share capital**

Ordinary shares are classified as equity.

**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

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

**2 Summary of significant accounting policies (continued)**

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

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

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

**(m) Derivative financial instruments for periods up to and including 31 December 2017**

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Company are foreign currency swaps, interest rate swaps, foreign exchange forward contracts and options. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are classified as held-for-trading and are carried in the balance sheet at fair value.

**3 Critical accounting judgments and key sources of estimation uncertainty**

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

The Directors do not consider that there are any critical accounting judgments that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements. There have been no significant estimates or assumptions which are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**4 Operating profit / (loss)**

	2018 £'000	2017 £'000
<b>The following items have been (charged) / credited in operating profit:</b>		
Management fee	(14)	(10)
Loss on derivative financial instrument	(2,296)	(51,334)
Finance income on loans with Group undertakings	112	106
Finance income on derivative financial instrument	3,590	4,740

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 £4,600 (2017: £4,109).

The loss on the derivative financial instrument arises as a result of the Company entering into a foreign exchange forward contract to hedge the Group's foreign exchange risk on future milestone payments related to the Vaccines business acquired from Novartis AG in 2015.

**5 Employees**

All UK employees are remunerated by GlaxoSmithKline Services Unlimited and receive no remuneration from the Company. A management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company (see Note 4). The Company has no employees (2017: £nil).



**SmithKline Beecham Overseas Limited**  
(Registered number: 02552828)

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

**6 Finance income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
On loans with Group undertakings	112	106
On derivative financial instrument	3,590	4,740
	<b>3,702</b>	<b>4,846</b>

**7 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income tax charge / (credit) on profit / (loss)</b>		
<b>Current tax:</b>		
UK corporation tax at 19.00% (2017: 19.25%)	263	(8,951)
Prior period adjustments	2	-
<b>Total tax charge / (credit) for the year</b>	<b>265</b>	<b>(8,951)</b>

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

**Reconciliation of total tax charge / (credit)**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit / (loss) before taxation	1,384	(46,498)
Profit / (loss) on ordinary activities at the UK statutory rate 19.00% (2017: 19.25%)	263	(8,951)
Effects of:		
Adjustment in respect of previous years	2	-
<b>Total tax charge for the year</b>	<b>265</b>	<b>(8,951)</b>

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

Factors that may affect future tax charges:

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

**8 Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	41,678	47,532
Corporation tax	-	8,952
Other debtors	-	2
	<b>41,678</b>	<b>56,486</b>

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand except for a call account balance with GlaxoSmithKline IHC Limited of £41,677,972 (2017: £47,531,637) with an interest received at LIBOR rate less 0.125% (2017: LIBOR rate less 0.125%) per annum and repayable on demand.

The corporation tax debtor contains amounts which will be received from fellow Group companies.

**SmithKline Beecham Overseas Limited**  
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**Notes to the financial statements for the year ended 31 December 2018**

**9 Derivative financial instruments**

The Company has forward foreign exchange contracts with the following fair values at the end of the year:

	2018 £'000	2017 £'000
Forward foreign exchange contracts	1,829	(508)

Derivative financial instruments are used for hedging currency risks at Group level. No derivative financial instruments are designated as hedges in the Company. Changes in fair value of £2,296,009 (2017: £51,344,000) have been recognised as losses in the statement of comprehensive income. No amount has been recognised directly in reserves in respect of derivative financial instruments in either the current or the prior year.

The foreign currency swap in existence at the end of the year will mature on 4 January 2019. The fair value of the forward foreign exchange contract is measured using the difference between the swap rate and the spot rate at the balance sheet date.

**10 Trade and other payables**

	2018 £'000	2017 £'000
<b>Amounts falling due within one year</b>		
Corporation tax	263	-
Amounts owed to Group undertakings	1,809	15,662
	<b>2,072</b>	<b>15,662</b>

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

**11 Share capital**

	2018 Number of shares	2017 Number of shares	2018 £'000	2017 £'000
<b>Issued and fully paid</b>				
Ordinary shares of £0.00005p each (2017: £0.00005p each)	156,256,006	156,256,006	8	8

**12 Contingent liabilities**

**Group banking arrangement**

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

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

**13 Directors' remuneration**

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

**14 Related party transactions**

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 within the Group, or information around remuneration of key management personnel compensation. There are no other related party transactions.