

Dealcyber Limited
(Registered number: 03541898)

Annual Report
for the year ended 31 December 2018



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

Dealcyber Limited
(Registered number: 03541898)

Annual Report
for the year ended 31 December 2018

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Dealcyber Limited
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Strategic report for the year ended 31 December 2018

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

Principal activities and future developments

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

The principal activity of the Company is property management and development. The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a loss for the financial year of £6,915,000 (2017: profit of £7,766,000 (restated)). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable and the Company remains a going concern due to support from GlaxoSmithKline Finance plc. The Directors have received confirmation that GlaxoSmithKline Finance plc intends to support the Company for at least one year after these financial statements are signed.

The loss for the year of £6,915,000 will be transferred from reserves (2017: profit for the year of £7,766,000 (restated) 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 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.

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Strategic report for the year ended 31 December 2018

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
30 September 2019

Dealcyber Limited
(Registered number: 03541898)

Directors' report for the year ended 31 December 2018

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

Results and dividends

The Company's results for the financial year are shown in the statement of comprehensive income on page 8.

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

In the current financial year an error was noted in the calculation of depreciation whereby certain assets were not being depreciated. This error has been rectified and has resulted in additional depreciation of £550,000 and taxation adjustment of £94,000 in the preceding financial year. In addition £1,762,000 relating to additional depreciation and £300,000 relating taxation adjustment were made to the 2017 opening retained earnings.

Directors

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

Glaxo Group Limited
Edinburgh Pharmaceutical Industries Limited
A Walker
C Panagiotidis (appointed on 15 February 2019)

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

Directors' indemnity

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

Statement of Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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Directors' report for the year ended 31 December 2018

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 pages 1 and 2:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators;
- exceptional items; 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.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of GlaxoSmithKline Finance plc. The Directors have received confirmation that GlaxoSmithKline Finance plc intend to support the Company for at least one year after these financial statements are signed. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Independent auditor

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

On behalf of the Board



C Panagiotidis
Director
30 September 2019

Dealcyber Limited
(Registered number: 03541898)

Independent auditor's report to the members of Dealcyber Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Dealcyber Limited (the 'Company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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.

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Independent auditor's report to the members of Dealcyber 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. 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.

Dealcyber Limited

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Independent auditor's report to the members of Dealcyber 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
Reading, United Kingdom
30 September 2019

Dealcyber Limited
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Statement of comprehensive income
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000 Restated
Turnover		14,625	14,625
Gross profit		14,625	14,625
Administrative expenses	8,15	(3,995)	(3,998)
Other operating expense		(14,753)	(19)
Operating (loss) / profit	4	(4,123)	10,608
(Loss) / profit before interest and taxation		(4,123)	10,608
Finance expense	6	(358)	(286)
(Loss) / profit before taxation		(4,481)	10,322
Taxation	7	(2,434)	(2,556)
(Loss) / profit for the year		(6,915)	7,766

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.

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Balance sheet
as at 31 December 2018

	Notes	2018 £'000	2017 £'000 Restated
Non-current assets			
Investment properties	8,15	107,000	125,730
Current assets			
Trade and other receivables	9	3,638	3,638
Total assets		110,638	129,368
Current liabilities			
Trade and other payables	10	(41,426)	(52,930)
Net current liabilities		(37,788)	(49,292)
Total assets less current liabilities		69,212	76,438
Non-current liabilities			
Deferred tax liabilities	7	(507)	(818)
Total liabilities		(41,933)	(53,748)
Net assets		68,705	75,620
Equity			
Share capital	11	27,538	27,538
Retained earnings		41,167	48,082
Shareholders' equity		68,705	75,620

The financial statements on pages 8 to 20 were approved by the Board of Directors on 30 September 2019 and signed on its behalf by:



C Panagiotidis
Director

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

	Notes	Share capital £'000	Retained earnings £'000 Restated	Total £'000 Restated
At 1 January 2017		27,538	41,778	69,316
Effect of prior periods error:				
Depreciation on Investment properties		-	(1,762)	(1,762)
Tax impact on additional depreciation on Investment properties		-	300	300
At 1 January 2017 - Restated		27,538	40,316	67,854
Profit and total comprehensive income for the year		-	8,222	8,222
Effect of prior period error:				
Depreciation on Investment properties	15	-	(550)	(550)
Tax impact on additional depreciation on Investment properties	15	-	94	94
Profit and total comprehensive income for the year - Restated		-	7,766	7,766
At 31 December 2017 - Restated		27,538	48,082	75,620
Loss and total comprehensive loss for the year		-	(6,915)	(6,915)
At 31 December 2018		27,538	41,167	68,705

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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 activity of the Company is property management and development. 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").

The Company has received a letter of support from GlaxoSmithKline Finance plc. which confirms its intention to provide financial support for at least twelve months from the date of signing off the financial statements. As a result of continued financial support, the Directors of the Company are satisfied that the going concern basis remains appropriate.

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

The financial statements are presented in Pounds Sterling.

Disclosure exemptions adopted

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

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

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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)

- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows),
 - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirements for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third balance sheet),
 - 111 (cash flow statement information), and
 - 134 - 136 (capital management disclosures).
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; 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 company

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

(c) Implementation of IFRS 9 'Financial instruments'

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

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

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

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

Classification and measurement of financial assets

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

All financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost 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.

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.

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

(d) Turnover

Turnover is recognised in the statement of comprehensive income when rental services are supplied to other Group subsidiaries. Rental services represents the single performance obligation in the contract on which the Company recognises turnover as the performance obligation is satisfied over time.

(e) Expenditure

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

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

(f) Finance expense

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

(g) Investment properties

Investment properties comprise significant portions of freehold office buildings that are held for long-term rental yields and/or capital appreciation. Investment properties also comprise of plant and machinery installed within investment properties.

Investment properties, including plant and machinery, are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 10-20 years for plant and machinery and 20-50 years for buildings. Land is not depreciated.

(h) 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.

(i) 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.

(j) 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.

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

(k) Share capital

Ordinary shares are classified as equity.

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

Turnover is recognised in the statement of comprehensive income when rental services are supplied to other Group subsidiaries. Turnover represents rental of property, plant and equipment to other Group subsidiaries recognised on an accruals basis.

(m) 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.

3 Critical accounting judgments and key sources of estimation uncertainty

In preparing the financial statements, 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, apart from those involving estimations (which are dealt with separately below), 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.

Impairment of investment property

Investment properties are held at cost less accumulated impairment losses. Annual impairment tests are carried out to ascertain if the carrying value of the investment properties are impaired. This test comprises a comparison of the carrying value of the investment property and the fair value of the investment property. Valuations for impairment tests are based on assessing value based on rental comparables and investment comparables. These assessments are 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.

The fair value has been calculated by analysing trends in the market relating to investment and rental comparables. The investment comparable analysis has presented a net investment yield of 7.75%, whereas the rent comparable analysis has presented rent assumptions range of £24-£27 per square foot both of which have been used to estimate the fair value of the property. The investment property has been impaired to its fair value of £107,000,000 resulting in an impairment of £14,735,000. Following the impairment in the current year, the carrying value is now equal to the fair value of the property. Any further diminution in fair value in the following financial year will result in a further impairment charge.

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

4 Operating profit

	2018 £'000	2017 £'000 Restated
<i>The following items have been charged in operating profit:</i>		
Depreciation of investment property	3,995	3,998
Impairment of investment property	14,735	-
Management fee	18	19

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 £11,000 (2017: £11,000).

Operating profit is stated after charging depreciation of £3,995,000 (2017: £3,998,000) in relation to a property that is generating income under an operating lease agreement with another Group company, an impairment charge of £14,735,000 and Management service fee of £18,000.

In the current financial year, an error was noted in the calculation of depreciation whereby certain assets were not being depreciated. This error has been rectified and has resulted in additional depreciation of £550,000 incurred in the preceding financial year.

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 5). The Company has no employees (2017: nil).

6 Finance expense

	2018 £'000	2017 £'000
On loans with Group undertakings	358	286

7 Taxation

	2018 £'000	2017 £'000 Restated
Income tax charge on profit		
Current tax:		
UK corporation tax	2,707	2,719
Adjustments in respect of previous years	38	-
Total current tax	2,745	2,719
Deferred tax:		
Origination and reversal of timing differences	(278)	(163)
Adjustments in respect of previous years	(33)	-
Total deferred tax	(311)	(163)
Total tax charge for the year	2,434	2,556

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

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

7 Taxation (continued)

	2018 £'000	2017 £'000 Restated
Reconciliation of total tax charge		
(Loss)/profit on ordinary activities before tax	(4,481)	10,322
Tax on ordinary activities at the UK standard rate 19.00% (2017: 19.25%)	(851)	1,987
Effects of:		
Expenses not deductible for tax purposes	3,248	548
Remeasurement of deferred tax - change in tax rate	32	21
Adjustments to tax charge in respect of previous years	5	-
Total tax charge for the year	2,434	2,556

Factors that may affect future tax charges:

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and a further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at balance sheet date has been calculated based on these rates.

Movement in deferred tax liabilities	Accelerated capital allowances £'000
At 1 January 2017 (re-stated)	981
Credit to the statement of comprehensive income	(163)
At 1 January 2018 (re-stated)	818
Credit to the statement of comprehensive income	(311)
At 31 December 2018	507

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

	2018 £'000	2017 £'000 Restated
Deferred tax liabilities classified as non-current liabilities	507	818

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

8 Investment properties

	Total £'000
Cost	
At 1 January 2017, 31 December 2017 and 31 December 2018	200,745
Accumulated depreciation	
At 1 January 2017	(69,255)
Effect of prior period error:	
Depreciation on Investment properties	(1,762)
At 1 January 2017 - Restated	(71,017)
Charge for the year - Restated	(3,998)
At 31 December 2017 - Restated	(75,015)
Charge for the year	(3,995)
At 31 December 2018	(79,010)
Accumulated impairment	
At 1 January 2018	-
Charge for the year	(14,735)
At 31 December 2018	(14,735)
Total depreciation and impairment at 31 December 2018	(93,745)
Net book value at 1 January 2017 - Restated	129,728
Net book value at 31 December 2017 - Restated	125,730
Net book value at 31 December 2018	107,000

In the current financial year an error was noted in the calculation of depreciation whereby certain assets were not being depreciated. This error has been rectified and has resulted in additional depreciation of £550,000 incurred in the preceding financial year and £1,762,000 incurred to the 2017 opening balances.

The net book value at 31 December 2018 of the Company's investment properties comprises freehold properties of £103,464,000 (at 1 January 2018: £120,561,000) and installed plant and equipment of £3,536,000 (at 1 January 2018: £5,169,000 (restated)). The recoverable amount which is the fair value of the freehold property, including plant and machinery is £107,000,000. The investment property was impaired by £14,735,000 in the year following an assessment by an independent valuation expert on a market value basis which concluded that the carrying value of the asset was not wholly supported by the recoverable amount of the investment property. In arriving at their estimates of market value, the valuation experts have used their market knowledge and professional judgement and not only relied on historical transactions.

The property is leased out to another member of the Group under an operating lease that commenced on 1 January 2004. No lease incentives were offered on signing of the lease and no amount in relation to contingent rents have been recognised in the statement of comprehensive income. Obligations with regard to repairs and maintenance are split between the lessor and lessee. Costs that are more capital in nature are borne by the Company, whereas general day to day repairs and maintenance are the responsibility of the lessee.

Investment properties, including plant and machinery, are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 10-20 years for plant and machinery and 20-50 years for buildings. Land is not depreciated.

The operating lease can be terminated by either party at six months' notice. Based on a non-cancellable lease term of six months, the future minimum operating lease rental income from this lease are:

	2018 £'000	2017 £'000
Not later than one year	7,313	7,313

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

9 Trade and other receivables

	2018 £'000	2017 £'000
Amounts due within one year		
Amounts owed by Group undertakings	3,638	3,638

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

10 Trade and other payables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	38,718	50,211
Corporation tax	2,708	2,719
	41,426	52,930

Amounts owed to Group undertakings are unsecured, interest free and are payable on demand, except for a call account balance with GlaxoSmithKline IHC Limited of £35,963,000 (2017: £47,425,000) which is unsecured with an interest paid at LIBOR rate plus 0.25% (2017: LIBOR rate plus 0.25%) per annum and payable 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
Issued and fully paid				
Ordinary Shares of £1 each (2017: £1 each)	27,537,839	27,537,839	27,538	27,538

12 Contingent liabilities

Group banking arrangement

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

13 Directors' remuneration

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

14 Related party transactions

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.

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

15 Prior period adjustments

In the current financial year an error was noted in the calculation of depreciation whereby certain assets were not being depreciated. This error has been rectified and has resulted in additional depreciation of £550,000 and taxation adjustment of £94,000 in the preceding financial year. In addition £1,762,000 relating to additional depreciation and £300,000 relating taxation adjustment were made to the 2017 opening retained earnings.

	2017 before restatement £'000	Prior period adjustment £'000	2017 restated £'000
Adjustment to the statement of comprehensive income			
Administrative expenses	3,448	550	3,998
Taxation	2,650	(94)	2,556

	2017 before restatement £'000	Adjustments in respect of prior years £'000	2017 restatements £'000	2017 restated closing balance £'000
Adjustments to the balance sheet				
Retained Earnings	(50,000)	1,462	456	(48,082)
Investment properties	128,042	(1,762)	(550)	125,730
Deferred tax liabilities	(1,212)	300	94	(818)