

GlaxoSmithKline Investment Services Limited
(Registered number: 06968741)

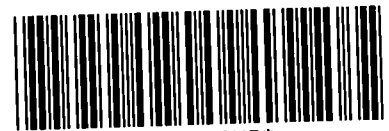
Annual Report and financial statements

for the year ended 31 December 2018

Registered office address:

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GlaxoSmithKline Investment Services Limited

Annual Report and financial statements

for the year ended 31 December 2018

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GlaxoSmithKline Investment Services Limited
(Registered number: 06968741)

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report on GlaxoSmithKline Investment Services Limited (the "Company") for the year ended 31 December 2018.

Principal activities and future developments

The Company is a member of the GlaxoSmithKline Group of companies (the "Group"). The principal activity of the Company during the financial year is the provision of financial services to the Group in the form of interest bearing loans.

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 £13,423,000 (2017: profit of £27,599,000), which will be transferred to reserves. 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.

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.

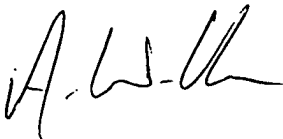
Key performance indicators (KPIs)

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, are discussed in the Group's 2018 annual report which does not form part of this report.

On behalf of the Board



Mr A Walker
Director
2 September 2019

GlaxoSmithKline Investment Services Limited
(Registered number: 06968741)

Directors' report for the year ended 31 December 2018

The Directors present their report on GlaxoSmithKline Investment Services Limited (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 income statement on page 6.

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 swaps and foreign exchange forward contracts in order to effectively swap intercompany loans, which are not denominated in the functional currency of the Company, into the Company's functional currency. Detailed disclosures are not provided in the financial statements as the Company has taken advantage of the exemption from disclosure under FRS 101.

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:

Mr A Walker
Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited

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 his or her engagement in the business of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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.

GlaxoSmithKline Investment Services Limited
(Registered number: 06968741)

Directors' report for the year ended 31 December 2018

Statement of Directors' responsibilities (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

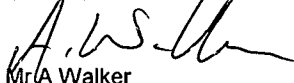
Disclosure of information to auditors

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 auditors

PricewaterhouseCoopers LLP resigned on 16th October 2018 as the Company's auditors. 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



Mr A Walker
Director

2 September 2019

Independent auditor's report to the members of GlaxoSmithKline Investment Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GlaxoSmithKline Investment Services 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 income statement;
- balance sheet as at 31 December 2018;
- the statement of changes in equity; and
- the related notes 1 to 16 in the financial statements.

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" (United Kingdom Generally Accepted Accounting Practice).

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.

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.

Independent auditor's report to the members of GlaxoSmithKline Investment Services Limited

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.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 2006 that the senior statutory auditor's name should not be stated.

Deloitte LLP

Deloitte LLP
Statutory Auditors
London, United Kingdom
2 September 2019

GlaxoSmithKline Investment Services Limited

**Income statement
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Other operating expense	5	(15)	(22)
Finance income	7	21,909	71,803
Finance expense	8	(5,323)	(37,603)
Operating profit		16,571	34,178
Profit before taxation		16,571	34,178
Taxation	9	(3,148)	(6,579)
Profit for the financial year		13,423	27,599

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

The notes on pages 9 to 14 are an integral part of these financial statements.

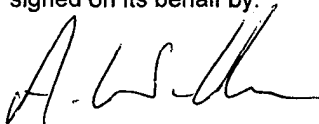
The Company has no other comprehensive income during either the current year or prior year, and therefore, no separate statement to present other comprehensive income has been prepared.

GlaxoSmithKline Investment Services Limited

**Balance sheet
as at 31 December 2018**

	Note	2018 £'000	2017 £'000
Current assets			
Trade and other receivables	10	575,618	566,019
Derivative financial instruments	13	-	2,648
Prepayments and accrued income	11	-	1,543
Total current assets		575,618	570,210
Current liabilities			
Trade and other payables	12	(9,742)	(17,756)
Total current liabilities		(9,742)	(17,756)
Net current assets		565,876	552,454
Total assets less current liabilities		565,876	552,454
Net assets		565,876	552,454
Equity			
Share capital	14	303,842	303,842
Retained earnings		262,034	248,612
Shareholders' equity		565,876	552,454

The financial statements on pages 6 to 14 were approved by the Board of Directors on 2 September 2019 and signed on its behalf by:



Mr A Walker
Director

GlaxoSmithKline Investment Services Limited

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

	Share capital £'000	Retained earnings £'000	Shareholders' equity £'000
At 1 January 2017	303,842	221,013	524,855
Profit for the year	-	27,599	27,599
At 31 December 2017	303,842	248,612	552,454
Profit for the year	-	13,423	13,423
At 31 December 2018	303,842	262,035	565,877

GlaxoSmithKline Investment Services Limited

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

1 Presentation of the financial statements

General information

GlaxoSmithKline Investment Services Limited (the "Company") is a financing company created as part of the acquisition of the Stiefel Group of companies to provide long-term funding to the acquired group structure and is a member of the GlaxoSmithKline Group of companies (the "Group").

The Company is a private company limited by shares and is incorporated and domiciled in the UK (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 101 Reduced Disclosure Framework ("FRS 101").

Going concern

These financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of derivative financial assets and liabilities at fair value through profit or loss and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Disclosure exemptions adopted

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

- 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:
 - paragraph 79(a) (iv) of IAS 1;
- The following paragraphs of IAS 1 "Presentation of financial statements":
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 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).

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 and Note 4.

GlaxoSmithKline Investment Services Limited

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

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a wholly owned subsidiary of the ultimate parent company. GlaxoSmithKline plc, a company registered in 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 Setfirst 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 impairments 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.

All financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost or fair value with movements through other comprehensive income or the income statement 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 previously classified as financial assets measured at amortised cost. Under IFRS 9, as the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the amounts receivable are 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. 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 fair value through profit or loss. There were no other transition adjustments arising from the change in impairment basis. For further information on trade and other receivables see note 2 (h).

(d) Foreign currency transactions

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the income statement. The functional and presentation currency of the Company is Pounds Sterling.

(e) Other operating expense

Management service fees are recognised in other operating expense on an accruals basis.

(f) Finance income and expense

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

(g) Financial assets

Financial assets are measured at amortised cost. The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

GlaxoSmithKline Investment Services Limited

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

2 Summary of significant accounting policies (continued)

(h) Trade and other receivables

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

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

(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.

(k) Derivative financial instruments

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

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

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. No derivative financial instruments are designated as hedging instruments by the Company.

(l) Share capital

Ordinary shares are classified as equity.

3 Critical accounting judgements

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.

4 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 following is considered to be the key accounting estimates and assumptions made.

(a) Impairment of trade receivables

The Company makes an estimate of the expected credit loss of trade and other receivables. When assessing allowance for expected credit losses of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables, historical experience and estimates of future conditions. See Note 10 for the net carrying amount of receivables and associated expected loss allowance (where this is applicable).

GlaxoSmithKline Investment Services Limited

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

5 Other operating expense

	2018 £'000	2017 £'000
The following items have been charged in operating profit:		
Management fee	(15)	(22)

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged of £14,833 (2017: £21,853). Included in the management fee is an audit fee for the audit of the financial statements of £6,480 (2017: £13,703). The disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made and has been disclosed in the Group's 2018 Annual Report which does not form part of this report.

6 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).

7 Finance income

	2018 £'000	2017 £'000
Finance income arising from:		
Amounts owed by Group undertakings measured at amortised cost	21,909	71,803

8 Finance expense

	2018 £'000	2017 £'000
Finance expense arising from:		
Financial liabilities at amortised cost:		
Amounts owed to Group undertakings measured at amortised cost	-	(180)
Financial liabilities at fair value through profit or loss:		
Fair value adjustments on derivative financial instruments	(5,323)	(37,423)
Total finance expense	(5,323)	(37,603)

9 Taxation

	2018 £'000	2017 £'000
Income tax expense on ordinary activities		
Current tax:		
UK corporation tax at 19.00% (2017: 19.25%)	(3,149)	(6,579)
Adjustments in respect of previous years	1	-
Total current tax	(3,148)	(6,579)

The tax assessed for the year is lower (2017: no items to reconcile) 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:

GlaxoSmithKline Investment Services Limited

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

9 Taxation (continued)

	2018	2017
	£'000	£'000
Reconciliation of total tax expense		
Profit on ordinary activities before tax	16,571	34,178
Tax on ordinary activities at the UK standard rate 19.00% (2017: 19.25%)	(3,149)	(6,579)
Effects of:		
Adjustments to tax charge in respect of previous years	1	-
Total current tax	(3,148)	(6,579)

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.

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.

10 Trade and other receivables

	2018	2017
	£'000	£'000
Amounts due within one year		
Amounts owed by Group undertakings	575,618	566,019

Amounts owed by Group undertakings are with GlaxoSmithKline Finance plc (2017: includes amounts owed by Stiefel Laboratories, Inc.). These are unsecured and repayable on demand with interest charged at 0.45% (2017: 0.39%) (based on one week LIBOR minus 0.125%) that is consistent with the Group's policy.

Stiefel Laboratories, Inc. repaid in full the US\$500,000,000 (£370,370,000) loan, plus accrued interest at 10.00%, to the Company on 15 June 2018.

11 Prepayments and accrued income

	2018	2017
	£'000	£'000
Amounts due within one year	-	1,543

Amounts due within one year relate to interest receivable from Group undertakings (see Note 10) of which amounts owed by Stiefel Laboratories, Inc. was repaid on 15 June 2018.

12 Trade and other payables

	2018	2017
	£'000	£'000
Amounts falling due within one year		
Amounts owed to Group undertakings	(6,593)	(11,177)
Corporation tax	(3,149)	(6,579)
	(9,742)	(17,756)

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

The corporation tax creditor contains amounts which will be paid to fellow Group companies under Group relief.

GlaxoSmithKline Investment Services Limited

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

13 Derivative financial instruments

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

	2018		2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Foreign currency swaps and foreign exchange forward contracts - held for trading	-	-	2,648	-

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a current asset or liability, if the maturity of the hedged item is less than 12 months.

These derivative financial instruments are used to mitigate exposure to foreign exchange transactional risks. The derivative financial instruments are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The valuations of derivative financial instruments are based on the present value of net contractual cash flows using market sourced data (exchange rates).

The notional principal amounts of the outstanding derivative instruments at 31 December 2018 were £nil (2017: £370,370,000).

There were no outstanding derivative contracts as on 31 December 2018.

14 Share capital

	2018	2017	2018	2017
	Number of shares	Number of shares	£'000	£'000
Authorised				
Ordinary shares of \$1 each (2017: \$1 each)	1,000,000,000	1,000,000,000	607,685	607,685
Issued and fully paid				
Ordinary shares of \$1 each (2017: \$1 each)	500,000,001	500,000,001	303,842	303,842

15 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).

16 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 and disclosure of key management personnel compensation. There are no other related party transactions.