John Wyeth & Brother Limited

Annual report and financial statements

Year ended 30 November 2019

Registered number: 00135937

John Wyeth & Brother Limited

Annual report and financial statements

Contents

Directors and other information

Directors	IE Franklin EJ Pearson JA Mount SS Aujla DJ Harnett BJ Osborn RL Smith
Registered office	Ramsgate Road Sandwich Kent CT13 9NJ
Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
Registered number	00135937

Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 November 2019.

Business review

The audited financial statements for the year ended 30 November 2019 are set out on pages 10 to 36.

The company generated an after tax profit of £3,874,000 (*2018*: profit of £1,772,000) and no dividends were declared in 2019 (*2018*: £180,000,000). The retained profit for the year of £3,874,000 (*2018*: profit of £1,772,000) has been transferred to reserves. At the year end the company had net assets, including pension assets, of £156,881,000 (*2018*: £155,040,000).

The profit and loss account and statement of financial position are set out on pages 18 and 19 respectively. The performance of the company during the year was satisfactory, as was the position of the company at the year-end. On 8 November 2016 Pfizer announced that it is proposed to exit the company's cold chain packaging and distribution site in Havant on a phased basis. This is expected to be fully complete during the year 2021.

The company is managed on an integrated basis with other Pfizer Inc. group companies worldwide as part of Pfizer Inc.'s global healthcare business. Accordingly, key performance indicators have not been given for the company itself. Further details are provided in the Pfizer Inc. consolidated annual review and financial report which are available from Pfizer Inc., 235 East 42nd Street, New York, NY 10017, USA.

Principal risks and uncertainties

The principal risks and uncertainties for the company derive from the development, performance and position of the Pfizer Inc. group (of which the company is a part). During the year the principal factors which could cause risk and uncertainty for the Pfizer Inc. group included:

- The success of research and development activities.
- Decisions by regulatory authorities regarding whether and when to approve Pfizer's drug applications as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of Pfizer's products.
- The speed with which regulatory authorisations, pricing approvals, and product launches may be achieved.
- The success of external business development activities.
- Competitive developments, including the impact on Pfizer's competitive position of new product entrants, in-line branded products, generic products, private label products and product candidates that treat diseases and conditions similar to those treated by Pfizer's in-line products and product candidates.
- The ability to successfully market both new and existing products.
- Difficulties or delays in manufacturing.
- Trade buying patterns.
- The ability to meet generic and branded competition after the loss of patent protection for Pfizer's products and competitor products.

Strategic report (continued)

Principal risks and uncertainties (continued)

- The impact of existing and future legislation and regulatory provisions on product exclusivity.
- Trends toward managed care and health care cost containment.
- Legislation or regulatory action affecting, amongst other things, pharmaceutical product pricing, reimbursement or access.
- Contingencies related to actual or alleged environmental contamination.
- Claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates.
- The significant breakdown, infiltration or interruption of Pfizer's information technology systems and infrastructure.
- Legal defence costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to product liability, patent protection, government investigations, and other legal proceedings.
- Pfizer's ability to protect its patents and other intellectual property.
- Interest rate and foreign currency exchange rate fluctuations.
- Governmental laws and regulations affecting operations, including tax obligations.
- Changes in generally accepted accounting principles.
- General economic, political, business, industry, regulatory and market conditions including, without limitation, any impact on Pfizer, its lenders, its customers, its suppliers and counterparties to its foreign-exchange and interest-rate agreements from weak global economic conditions and changes in global financial markets.
- Any changes in business, political and economic conditions due to actual or threatened terrorist activity.
- Growth in costs and expenses.
- Changes in Pfizer's product, segment and geographic mix.
- The impact of acquisitions, divestitures, restructurings, product withdrawals and other unusual items.
- Restructuring provision and asset impairment due to site exit announcement, including the valuation of the site land and buildings.

Strategic report (continued)

Approach to Brexit

In June 2016, the U.K. electorate voted in a referendum to leave the EU, which is commonly referred to as "Brexit". The U.K. left the EU on January 31, 2020 with status quo arrangements through a transition period scheduled to end on December 31, 2020. The consequences of the U.K. leaving the EU and the terms of the future trading relationship continue to be uncertain, which may pose certain implications to our research, commercial and general business operations in the U.K. and the EU, including the approval and supply of our products. In preparing for Brexit our priority has been to maintain continuity of supply of our medicines and is aligned with preparations taken by the Pfizer Inc. Group. The U.K. and the EU have issued detailed guidance for the industry on how medicines, medical devices and clinical trials will be separately regulated in their respective territories. The Company and Pfizer Inc. Group has substantially completed its preparations for Brexit, having made the changes necessary to meet relevant regulatory requirements in the EU and the U.K., through the transition period and afterwards, especially in the regulatory, research, manufacturing and supply chain areas.

Risks associated with COVID-19 outbreak

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. On March 11 2020, due to the rapid increase in the number of cases outside China, the World Health Organisation characterised the COVID-19 outbreak as a pandemic. The extent to which the COVID-19 impacts both the Company's and the Pfizer Inc. Group's operations as well as the global economy will depend on future developments, which are highly uncertain and cannot be predicted with confidence. The Company is monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations.

Up to the date of this report, the outbreak has not had a material impact on the results of the Company. However, we continue to monitor the situation closely, including the potential impacts on results, our supply continuity and our employees.

By order of the board

DocuSigned by:
Ian Franklin
3942165333FE47C...

IE Franklin   Date: 17 August 2020

Director

Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2019.

A review of the performance of the company's business during the year and the principal risks and uncertainties facing the company are included in the strategic report set out on pages 2 to 4 which should be read in conjunction with the Directors' report.

Financial instruments

The overall objective of Pfizer's financial risk management programme is to seek to minimise the impact of foreign exchange rate movements and interest rate movements on its earnings. These financial exposures are managed through operational means and by using various financial instruments. These practices may change as economic conditions change.

Disabled employees

It is the policy of the company to give full and fair consideration to applications for employment made by persons with disability taking account of their particular abilities and aptitudes. Policies to actively eliminate discrimination and to ensure that all applicants are considered solely on their merits are promoted. Should any existing employee become disabled every effort is made to ensure continuity of employment after appropriate assessment of special needs, suitable adjustment to accommodate the disability, retraining, resettlement and continued support. The same opportunity for training and career development is given to disabled employees as is given to employees generally.

Employee involvement

The company seeks open and direct relations with its employees through the provision of efficient formal and informal channels for communication. These include information and support services provided by e-mail, web and telephone as well as face to face, and consultation through a variety of committees, forums, surveys and regular departmental meetings. The company also participates in the Pfizer Europe Employee Forum.

The company actively promotes an "open door" management policy and has a grievance escalation process. There is also an extensive performance management programme in place which facilitates open and regular dialogue between employees and their managers. Employees complete an annual integrity pledge and have direct access to a corporate compliance hotline and other facilities.

The Pfizer Share Ownership Plan, through which shares in the ultimate parent company, Pfizer Inc. may be purchased, encourages employees of the participating companies to take a direct interest in the performance of the world-wide group.

Share capital, other reserves and dividends

No shares have been issued during the period. During the year, the directors did not propose to pay any dividends (2018: £180,000,000).

Political contributions

No political donations were made during the year (2018: nil).

Directors' report (continued)

Directors

The directors, who held office from 1 December 2018 and to the date of this report, unless otherwise stated, were:

IE Franklin	
EJ Pearson	
JA Mount	
HH Nordkamp	(resigned 15 May 2019)
SS Aujla	
CM Seller	(resigned 23 September 2019)
DJ Harnett	
BJ Osborn	(appointed 29 April 2019)
RL Smith	(appointed 10 October 2019)

Auditor

The directors who held office at the date of approval of this directors' report confirm that so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

DocuSigned by:

Ian Franklin

3942165333FE47C...

IE Franklin

Date: 17 August 2020

Ramsgate Road

Sandwich

Kent

CT13 9NJ

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the strategic report, the directors' 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 they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in the Statement of accounting policies, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN WYETH & BROTHER LIMITED

Opinion

We have audited the financial statements of John Wyeth & Brother Limited ("the company") for the year ended 30 November 2019 which comprise the Profit and loss account, the Statement of other comprehensive income, the Statement of financial position and the Statement of changes in equity and related notes, including the accounting policies in Statement of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard* applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non going concern basis of preparation

We draw attention to the disclosure made in the statement of accounting policies to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in the statement of accounting policies. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN WYETH & BROTHER LIMITED *(continued)*

- 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Andrew Royle (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chatered Accountants

15 Canada Square

London, E14 5GL

United Kingdom

Date: 17 August 2020

Statement of accounting policies

for the year ended 30 November 2019

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

John Wyeth & Brother Limited is a limited liability company incorporated in England and domiciled and registered in the UK. The registered number is 00135937 and the registered office is Ramsgate Road, Sandwich, Kent, CT13 9NJ.

These financial statements were prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland as issued in September 2015. The amendments to FRS 102 issued in March 2016, December 2016 and May 2017 have been applied.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

On 8 November 2016 it was announced that the company plans to exit the cold chain packaging and distribution site in Havant. This is expected to be fully complete during the year 2021. As no replacement trade has been acquired the directors have decided to prepare the financial statements on a basis other than going concern since 2018. No adjustments were necessary to the amounts at which the net liabilities are included in these financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders.

A separate cash flow statement is not presented by the company as the information is included in the consolidated cash flow statement prepared by the ultimate parent, Pfizer Inc., in the manner prescribed by FRS102.7.

The company has availed of the exemption in FRS 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 22.

The company is exempt from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Exemptions for qualifying entities under FRS 102 (continued)

The company is exempt from certain disclosures of share based payments as the relevant information is disclosed in the consolidated financial statements of Pfizer Inc., as required by FRS 102.26.

The company has availed of the exemption from disclosures for financial assets and liabilities required by Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A as equivalent disclosures are included in the consolidated financial statements of Pfizer Inc. in which John Wyeth & Brother Limited is consolidated.

Research and development

Research and development expenditure is written off to the profit and loss account as incurred.

Turnover

Turnover represents amounts receivable for goods and packaging services provided in the normal course of business, net of returns, allowances and excluding value added tax. Turnover is recognised at the time that the risk and rewards to the packaged goods pass to the buyer.

Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Tangible fixed assets and depreciation (continued)

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold land	Not depreciated
Freehold buildings	20-50 years
Furniture and fixtures	3-10 years
Plant, machinery and vehicles	4-15 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Residual value is calculated on prices prevailing at the date of acquisition. The net book value of fixed assets is written down to estimated recoverable amount, should any impairment be identified.

Due to the announcement made to exit the Havant site on 8 November 2016, the remaining useful lives of some assets were adjusted to approximately 4 years, being the time before these assets were expected to be no longer in use. As at 30 November 2019, the remaining useful life of such assets is approximately one year. Refer to note 23.

Financial fixed assets

Financial fixed assets are stated at purchase cost less provision for any impairment in value. An impairment test is undertaken on an annual basis by the company to confirm that the carrying value is appropriate.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Estimated selling price less costs to complete and sell is based on normal selling price, less further costs expected to be incurred to completion and disposal. A provision is made for obsolete, slow moving or defective items except where the cost can be recharged to another group company.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Provisions for liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

The company participates in a group operated pension scheme for the benefit of the majority of its employees. The scheme has both a defined contribution section and a defined benefit section.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The defined contribution section includes some members who benefit from a component that is based on a defined benefit in addition to defined contribution.

The defined benefit section compromises two components dependant on employee status or criteria:

- for some employees, the scheme provides benefits on a purely defined benefit basis
- for certain employees who previously met specific age and service criteria the scheme provides a defined contribution benefit with an additional component that is based on a defined benefit.

The assets of the scheme are held in a separate fund administered by trustees.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Employee benefits (continued)

In respect of the defined benefit scheme, assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and quality to the liability. The increase in the present value of the liabilities of the group's defined benefit pension section expected to arise from employee service in the period is charged to operating profit. The amount of pension contributions charged in the profit and loss account represents amounts payable in the year to the group pension scheme by the participating group companies, less allocated charges to fellow group companies based on current headcount. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Remeasurement of the net defined benefit asset/liability is recognised in other comprehensive income in the period in which it occurs.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the statement of financial positon net of the related deferred tax. Under FRS 102, the company can recognise a surplus on the balance sheet as the employer has an unconditional right to a refund of any surplus.

Foreign currencies

Transactions in foreign currencies are recorded using the company's actual month end exchange rates for the month of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Non- monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes. The company accounts for derivatives at fair value and are recognised at their fair value on the statement of financial position.

Share based payments

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Share based payments (continued)

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on the fair value of the options or shares determined at the grant date. The company uses option valuation models, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Financial instruments

Financial assets

Basic financial assets, including trade and other debtors and amounts due from group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. A provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Statement of accounting policies (continued)

for the year ended 30 November 2019

Financial instruments (continued)

Financial liabilities (continued)

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit and loss.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged and any gains or losses on remeasurement are recognised immediately in the profit and loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

John Wyeth & Brother Limited

Profit and loss account

for the year ended 30 November 2019

	Note	**2019** **£'000**	2018 £'000
Turnover	*1*	**46,139**	46,591
Cost of sales		**(42,367)**	(41,723)
Gross profit		**3,772**	4,868
Distribution costs		**(5)**	(7)
Administrative expenses		**(1,623)**	(4,229)
Profit on ordinary activities before interest		**2,144**	632
Income from fixed asset investments	*5*	**226**	187
Interest receivable and similar income	*6*	**844**	1,062
Other finance income	*7*	**2,263**	2,180
Profit on ordinary activities before taxation	*2*	**5,477**	4,061
Tax charge on the profit on ordinary activities	8	**(1,603)**	(2,289)
Profit after tax and for the financial year		**3,874**	1,772

Statement of other comprehensive income

for the year ended 30 November 2019

	Note	**2019** **£'000**	2018 £'000
Profit after tax and for the financial year		**3,874**	1,772
Actuarial charge recognised in the pension scheme	19	**(2,879)**	(6,952)
Deferred tax credit arising on losses in the pension scheme	15	**489**	1,182
Total recognised gains/(losses) for the year		**1,484**	(3,998)

The notes on pages 21 to 36 and the accounting policies on pages 10 to 17 form part of these financial statements.

John Wyeth & Brother Limited

Statement of financial position

as at 30 November 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible fixed assets	9	**9,828**	18,584
Financial fixed assets	10	**335**	346
		10,163	18,930
Current assets			
Stocks	11	**5,700**	5,941
Debtors	12	**148,962**	122,492
		154,662	128,433
Creditors: amounts falling due within one year	13	**(68,406)**	(42,203)
Net current assets		**86,256**	86,230
Total assets less current liabilities		**96,419**	105,160
Creditors: amounts falling due after more than one year	15	**(8,630)**	(8,905)
Provisions for liabilities	16	**(2,498)**	(14,231)
Net assets excluding pension surplus		**85,291**	82,024
Pension asset	19	**71,590**	73,016
Net assets including pension surplus		**156,881**	155,040
Capital & reserves			
Share capital	17	**5,750**	5,750
Retained earnings		**151,131**	149,290
Shareholder's funds		**156,881**	155,040

The notes on pages 21 to 36 and the accounting policies on pages 10 to 17 form part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:

DocuSigned by:
Ian Franklin
3942165333FE47C...

IE Franklin — Date: 17 August 2020

Director

Registered number: 00135937

John Wyeth & Brother Limited

Statement of changes in equity

for the year ended 30 November 2019

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
1 December 2017	5,750	332,976	338,726
Profit for the year	—	1,772	1,772
Other comprehensive expenditure	—	(5,770)	(5,770)
Total comprehensive expenditure for the year	—	**(3,998)**	**(3,998)**
Transactions with owners, recognised in equity			
Adjustment in respect of employee share schemes	—	312	312
Dividends declared	—	(180,000)	(180,000)
30 November 2018	**5,750**	**149,290**	**155,040**
Profit for the year	—	3,874	3,874
Other comprehensive expenditure	—	(2,390)	(2,390)
Total comprehensive expenditure for the year	—	**1,484**	**1,484**
Transactions with owners, recognised in equity			
Adjustment in respect of employee share schemes	—	357	357
30 November 2019	**5,750**	**151,131**	**156,881**

The notes on pages 21 to 36 and the accounting policies on pages 10 to 17 form part of these financial statements.

Notes

forming part of the financial statements

1. Analysis of turnover

Contributions to turnover by geographical destination are as follows:

	2019 £'000	2018 £'000
United Kingdom	—	—
Overseas	46,139	46,591
	46,139	46,591

Countries included within overseas turnover include those in the rest of Europe.

2. Profit on ordinary activities before taxation

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation, is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	7,792	8,399
Loss on disposal of tangible fixed assets	762	165
Restructuring (credit)	(228)	(129)
Foreign exchange loss	183	180

Restructuring costs

As part of an overall cost of goods reduction programme across Pfizer Global Supply, an operational review and restructure resulting in the closure of the Havant site has made number of positions redundant. A provision equal to the expected future severance costs of those employees who will be impacted by the restructuring has been calculated.

Depreciation of tangible fixed assets

The announcement of the planned closure of the Havant site resulted in the accelerated depreciation of certain tangible fixed assets.

Auditor's remuneration

Auditor's remuneration in respect of the audit of these financial statements for the current year is borne without recourse by Pfizer Limited, a fellow group undertaking. In 2019 these fees amounted to £58,994 (2018: £62,000). The company auditor also received fees of £24,390 (2018: £30,280) in respect of their audit of an associated pension scheme.

Notes (continued)

forming part of the financial statements

3. Directors' remuneration and emoluments

	2019 £'000	2018 £'000
Directors' emoluments	171	168

The remuneration of the majority of directors in respect of qualifying services for 2019 and 2018 was borne by Pfizer Limited.

Nine of the directors received shares under long term incentive schemes (2018: seven), and three of the directors exercised share options in the ultimate holding company Pfizer Inc. during the year (2018: one).

4. Staff costs and numbers

	2019 £'000	2018 £'000
Staff costs		
Wages and salaries	**10,653**	11,414
Social security costs	**1,076**	1,146
Other pension costs (note 19)	**1,700**	1,446
Cost of employee share schemes	**357**	312
	13,786	14,318

The above costs do not include those relating to redundancies.

The average number of persons employed by the company during the year was:

	2019 Number	2018 Number
By activity		
Manufacturing	**154**	163
Marketing and administration	**84**	100
	238	263

Notes (continued)

forming part of the financial statements

5. Income from fixed asset investments

	2019	2018
	£'000	£'000
Dividend from Pfizer Limited, India	**226**	187

6. Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest receivable on amounts owed by group undertakings	**844**	1,062

7. Other finance income

	2019	2018
	£'000	£'000
Amounts in respect of pensions (note 19)	**2,263**	2,180

Notes (continued)

forming part of the financial statements

8. Tax on the profit on ordinary activities

	2019	2018
	£'000	£'000
Current tax		
Current tax charge on income for the period	**1,416**	2,097
Withholding tax on dividend income	**—**	—
Adjustments in respect of prior periods	**(27)**	(118)
Total current tax charge	**1,389**	1,979
Deferred tax		
Origination and reversal of timing differences	**(404)**	(446)
Adjustments in respect of prior periods	**245**	907
Effect of change in tax rate	**373**	(151)
Total deferred tax charge	**214**	310
Tax charge on profit on ordinary activities	**1,603**	2,289

The tax assessed for the year is higher (*2018: higher*) than the applicable rate of corporation tax in the UK of 19% (*2018: 19%*). The differences are explained below:

	2019	2018
	£'000	£'000
Profit on ordinary activities before tax	**5,477**	4,061
Taxation charge at UK corporation tax rate of 19% (2018: 19%)	**1,041**	772
Effects of:		
Change in tax rate on deferred tax balances	**373**	(151)
Permanent differences	**14**	916
Non-taxable income	**(43)**	(37)
(Over)/under provided in prior periods	**218**	789
Tax charge on profit on ordinary activities	**1,603**	2,289

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

Post year-end a reversal of these reductions, maintaining the existing UK corporation tax rate of 19% (effective 1 April 2020), was substantively enacted on 17 March 2020.

Notes (continued)

forming part of the financial statements

9. Tangible fixed assets

	Freehold land and buildings	Plant, machinery and vehicles	Furniture and fixtures	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At beginning of year	67,598	39,998	11,574	132	119,302
Additions	—	—	—	137	137
Transfers between categories	224	33	5	(262)	—
Disposals	(38)	(6,745)	(49)	—	(6,832)
At end of year	**67,784**	**33,286**	**11,530**	**7**	**112,607**
Depreciation					
At beginning of year	56,748	32,583	11,387	—	100,718
Charge for year	5,569	2,165	58	—	7,792
Disposals	(37)	(5,645)	(49)	—	(5,731)
At end of year	**62,280**	**29,103**	**11,396**	**—**	**102,779**
Net book value					
At 30 November 2019	**5,504**	**4,183**	**134**	**7**	**9,828**
At 30 November 2018	10,850	7,415	187	132	18,584

An impairment review of tangible fixed assets was performed, taking into consideration the planned site exit. No impairment was required following the review. The remaining depreciation of the net book value of tangible fixed assets has been accelerated to the estimated disposal proceeds on exit.

The net book value of undepreciated land included in the above is £29,000 (2018: £29,000).

Notes (continued)

forming part of the financial statements

10. Financial fixed assets

	Subsidiary undertakings	Other Investments	Total
	£'000	£'000	£'000
Cost and net book value			
At beginning of year	1	345	346
Movement in other investments	—	(11)	(11)
At end of year	**1**	**334**	**335**

Subsidiary undertakings

Name of undertaking	Registered office	Proportion of share capital at 30 November 2019
Wyeth Pharmaceutical Limited	9 Riverwalk, National Digital Park, Citywest Business Campus, Dublin, 24, Ireland	100%

Other Investments

In 2015, Wyeth Limited amalgamated with Pfizer Limited, India. John Wyeth & Brother Limited now holds 1.93% of the ordinary shares of the amalgamated entity, Pfizer Limited, India. The principal activities of Pfizer Limited, India are the sale of prescription medicines and over the counter products.

The investment comprises of:

	Investments	Loan account	Total
	£'000	£'000	£'000
Cost			
At beginning of year	63	282	345
Foreign exchange adjustment	—	(11)	(11)
At end of year	**63**	**271**	**334**

The book value of the investments is supported by their underlying assets.

Notes (continued)

forming part of the financial statements

11. Stocks

	2019 £'000	2018 £'000
Raw material and consumables	**2,142**	2,222
Work in progress	**105**	210
Finished goods and goods for resale	**3,453**	3,509
	5,700	5,941

The replacement cost of stocks did not differ significantly from the amounts shown above.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £8,581,000 (2018: £12,112,000). The write-down of stocks to net realisable value amounted to £58,000 (2018: £186,000) and is included in cost of sales.

12. Debtors

	2019 £'000	2018 £'000
Amounts owed by group undertakings	**148,152**	120,740
Other receivables	**810**	1,752
	148,962	122,492

Amounts owed by group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged. All debtors fall due within one year.

Notes (continued)

forming part of the financial statements

13. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade payables	**1,772**	3,008
Amounts owed to group undertakings	**49,565**	30,336
Other financial liabilities (note 14)	**16**	7
Corporation tax payable	**1,416**	2,098
Restructuring provision - short-term (note 16)	**14,422**	5,450
Accruals	**1,215**	1,304
	68,406	42,203

Amounts owed to group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged. All creditors fall due within one year.

14. Financial instruments

The analysis of the carrying amounts of the financial instruments of the group required under section 11 of FRS 102 is as follows:

Financial assets that are debt instruments measured at amortised cost

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	**148,152**	120,740
Other receivables	**810**	1,752

Amounts owed by group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged.

Financial liabilities that are debt instruments measured at amortised cost

	2019	**2018**
	£'000	**£'000**
Trade payables	**1,772**	3,008
Amounts owed to group undertakings	**49,565**	30,336

Amounts owed to group undertakings are unsecured. As these amounts are also repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged.

Notes (continued)

forming part of the financial statements

14. Financial instruments (continued)

Financial liabilities that are measured at fair value

	2019 £'000	2018 £'000
Other financial liabilities (note 20)	(16)	(7)

The company uses derivatives to hedge its exposures to changes in foreign currency exchange rates. As at the year end the company had open forward currency contracts in place with a fellow group company to buy and sell EUR, INR and USD. The fair values of these contracts are based on market values of equivalent instruments at the balance sheet date.

15. Creditors: amounts falling due after more than one year

	Deferred taxation £'000
At beginning of year	8,905
Charge to the profit and loss account	214
Credit to the statement of comprehensive income	(489)
At end of year	**8,630**

Deferred taxation

	2019 £'000	2018 £'000
Accelerated capital allowances	(626)	234
Other timing differences	(2,914)	(3,742)
Pension scheme	12,170	12,413
	8,630	8,905

It is estimated that deferred tax of £1,757,000 will reverse over the next twelve months.

Notes (continued)

forming part of the financial statements

15. Creditors: amounts falling due after more than one year (continued)

The movement on deferred taxation comprises:

	Pension Scheme 2019 £'000	Other 2019 £'000	Total 2019 £'000	Total 2018 £'000
At beginning of year	**12,412**	**(3,507)**	**8,905**	9,777
Current year (credit)	**276**	**(680)**	**(404)**	(446)
Prior year charge	**—**	**245**	**245**	907
Change in tax rate	**(29)**	**402**	**373**	(151)
Charge to profit and loss account (note 8)	**247**	**(33)**	**214**	310
Credit to statement of comprehensive income	**(489)**	**—**	**(489)**	(1,182)
	12,170	**(3,540)**	**8,630**	8,905

16. Provisions for liabilities

	Restructuring provision short-term £'000	Restructuring provision long-term £'000	Total £'000
At beginning of year	5,450	14,231	19,681
Additions/reductions during the year	8,971	(11,733)	(2,762)
At end of year	**14,421**	**2,498**	**16,919**

Restructuring costs

As part of an overall cost of goods reduction programme across Pfizer Global Supply, an operational review and restructure resulting in the closure of the Havant site has made a number of positions redundant. A provision equal to the expected future severance costs of those employees who will be impacted by the restructuring has been calculated.

Notes (continued)

forming part of the financial statements

17. Called up share capital

	2019	2018
	£'000	£'000
Allotted, called up and fully paid		
5,750,000 ordinary shares of £1 each	**5,750**	5,750

18. Commitments

Commitments at the end of the financial year, for which no provision has been made, are as follows:

	2019	2018
	£'000	£'000
Capital committed	—	5

19. Employee benefits

Share based payments

FRS 102 requires the company to recognise share-based payments as an expense and share-based payments must be measured at fair value. John Wyeth & Brother Limited is part of the Pfizer Inc. ("Pfizer") 2004 Stock Plan and therefore under FRS 102.1.12(d) is exempt from certain disclosures of share based payments as the relevant information is disclosed in the holding undertaking's (Pfizer Inc.) consolidated financial statements.

The terms and conditions of the grants are as follows:

Grant date/ employees entitled	**Methods of settlement accounting**	**Number of Instruments**	**Vesting conditions**	**Contractual life of options**
Equity settled award	Equity	4	Vest after three years of continuous service	10 years

Pension costs

The company participates in a group operated pension scheme for the benefit of the majority of its employees. The scheme has both a defined contribution section and a defined benefit section.

The scheme ceased to contract-out of the State Second Pension Scheme with effect from 1 November 2011, the contributions scale was amended and a salary swap arrangement introduced. Defined benefit accrual effectively ceased on 1 November 2011.

Notes (continued)

forming part of the financial statements

19. Employee benefits (continued)

Pension costs (continued)

In addition to defined benefit pensioners and deferred pensioners some members of the defined contribution section continue to benefit from a defined benefit underpin to all or part of their pensionable service prior to 1 December 2011. The defined contribution assets subject to such an underpin form part of these disclosures.

The latest full valuation for funding purposes was as at 31 December 2017. The combined ongoing funding level for the Defined Benefit and Defined Contribution Sections was 105% of the accrued liabilities and the surplus revealed was £28,400,000. The next full actuarial valuation is expected to be carried out at 31 December 2020. The valuation used for FRS 102 disclosures has been based on the final results of the actuarial valuation carried out as at 31 December 2017 and updated by the actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 30 November 2019.

During the year, the group paid contributions and salary swap contributions at the rates set out for the Defined Contribution section. In addition, the group paid the cost of insuring the lump sum death in service benefits and the expenses of administration.

For the company, the charge to the operating profit for the year was £1,699,741 (2018: £1,446,070), comprising of £619,425 (2018 : £632,074) for the Defined Contribution section and nil (2018: nil) for the Defined Benefit Section, plus £1,080,316 (2018: £813,996) for life assurance cover and administrative expenses. The results shown in the following table relate to the entire Defined Benefit Section.

Pension scheme assets

	2019 £'000	2018 £'000
At beginning of year	**73,016**	80,734
Employer contributions	**270**	—
Profit and loss	**1,183**	(766)
Loss recognised in the statement of other comprehensive income	**(2,879)**	(6,952)
At end of year	**71,590**	73,016

The amounts recognised in the statement of financial position are as follows:

Net pension asset:

	2019 £'000	2018 £'000
Defined benefit obligation	**(375,286)**	(335,814)
Plan assets	**446,876**	408,830
Net pension asset	**71,590**	73,016

Notes (continued)

forming part of the financial statements

19. Employee benefits (continued)

Movements in present value of defined benefit obligation

	2019	2018
	£'000	£'000
At beginning of year	335,814	365,063
Loss on curtailments/changes/introductions	—	2,946
Interest expense	8,236	7,875
Remeasurement - actuarial loss/(gain)	41,989	(27,035)
Insured annuities*	(1,000)	(3,000)
Benefits paid	(9,753)	(10,035)
At end of year	**375,286**	335,814

Movements in fair value of plan assets

	2019	2018
	£'000	£'000
At beginning of year	408,830	445,797
Remeasurement - return on plan assets	39,110	(33,987)
Interest income	10,499	10,055
Insured annuities*	(1,000)	(3,000)
Benefits paid	(9,753)	(10,035)
Administrative expenses	(1,080)	—
Employer contributions	270	—
At the end of year	**446,876**	408,830

*The Scheme holds a number of annuity contracts with insurance companies which exactly match the benefit payments for a number of pensioners.

The amounts recognised in the profit and loss account are as follows:

	2019	2018
	£'000	£'000
Loss on curtailments/changes/introductions	—	(2,946)
Net interest income in net defined benefit	2,263	2,180
Administrative expenses	(1,080)	—
Total credit/(charge) recognised in Profit and Loss account	**1,183**	(766)

Notes (continued)

forming part of the financial statements

19. Employee benefits (continued)

The fair value of the plan assets excluding insured annuities were as follows:

Scheme portfolio	Asset allocation at Nov-30 2019 %	£'000	Asset allocation at Nov-30 2018 %	£'000
Equity securities	**4.30%**	**16,466**	5.22%	17,951
Debt securities	**49.95%**	**191,248**	48.01%	165,061
Other assets	**43.98%**	**168,370**	45.50%	156,442
Cash and cash equivalents	**1.77%**	**6,792**	1.27%	4,376
	100%	**382,876**	100%	343,830

Scheme assets do not include any of the company's own financial instruments or any property occupied by the company.

Principal actuarial assumptions at the year end were as follows:

	30 November 2019	30 November 2018
Discount rate	**2.00%**	3.10%
Rate of revaluation (CPI)	**2.10%**	2.40%
Pension increase rate (5% RPI)	**2.80%**	3.20%
Pension increase rate (2.5% RPI)	**2.25%**	2.50%

In valuing the liabilities of the pension fund at 30 November 2019, mortality assumptions have been made as indicated below.

The actuarial assumption for the long-term gap between RPI and CPI inflation decreased by 20 basis points in 2019. The estimated impact of this change was a c. £2 million decrease in the defined benefit obligation.

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	30 November 2019 Male	30 November 2019 Female	30 November 2018 Male	30 November 2018 Female
Member aged 65 (current life expectancy thereafter; number of years)	**22.7**	**25**	22.7	24.9
Member aged 45 (life expectancy at age 65; number of years)	**24.5**	**26.8**	24.4	26.8

Notes (continued)

forming part of the financial statements

20. Derivatives included at fair value

The company has derivatives which are included at fair value in these financial statements:

	2019	2018
	£'000	£'000
Forward foreign exchange contracts	**(16)**	(7)

The company uses derivatives to hedge its exposures to changes in foreign currency exchange rates. As at the year end the company had open forward currency contracts in place with a fellow group company to buy and sell various currencies. The fair values of these contracts are based on market values of equivalent instruments at the balance sheet date.

21. Related party disclosure

The company is controlled by Pfizer Limited. The ultimate controlling company is Pfizer Inc., a company incorporated in the state of Delaware, United States of America.

The company has availed of the exemption in FRS 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 22.

22. Ultimate parent undertaking

The company's ultimate parent undertaking and controlling party is Pfizer Inc., which is incorporated in the State of Delaware, United States of America, which heads the largest group in which John Wyeth & Brother Limited are consolidated and whose principal place of business is 235 East 42nd Street, New York, NY10017, USA. These consolidated financial statements are available to the public from this address.

The immediate holding company is Pfizer Limited, Ramsgate Road, Sandwich, Kent, CT13 9NJ, which is incorporated in Great Britain and registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by C.P. Pharmaceuticals International C.V., Coolsingel 93, 3012 AE Rotterdam, Holland whose accounts are publicly available from the Chamber of Commerce, PO Box 450, 3001 AL Rotterdam, Holland.

Notes (continued)

forming part of the financial statements

23. Accounting estimates and judgements

The company made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

Useful economic lives of tangible assets

The company depreciates tangible fixed assets over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the company intends to derive future economic benefits from the use of the company's tangible fixed assets. The residual value reflects managements estimated amount that the company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economies, useful lives and the residual values of these assets which could then consequently impact future depreciation charges. A reduction in the expected level of usage due to the planned closure of the Havant site impacted the useful life of certain tangible fixed assets and the depreciation of these assets have been accelerated.

Pension scheme

Management use assumptions regarding different areas of the defined benefit plan. The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, price inflation, future pension increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and long term nature of these plans, such estimates are subject to significant uncertainty. Management perform an internal review on these assumptions. Further details are given in note 19. Under FRS 102, the company can recognise a surplus on the statement of financial position as the employer has an unconditional right to a refund of any surplus based on a legal review of the scheme rules.

Provisions for restructuring

A provision for restructuring is recognised as the company has approved a detailed and formal restructuring plan, and the restructuring has commenced and has been announced publicly. Management use assumptions regarding different areas of the restructuring plan. Redundancy costs are projected with reference to basic salary data and estimates surrounding the date of redundancy, inflation, discount rate and length of service among other factors. The reserve reflects the latest published works council information as well as any updated budget assumptions yet to be published.