

Eskaylab Limited
(Registered number: 00099025)

Directors' report and financial statements

for the year ended 31 December 2015



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

Eskaylab Limited
(Registered number: 00099025)

Directors' report and financial statements
for the year ended 31 December 2015

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Eskaylab Limited
(Registered number: 00099025)

Directors' report for the year ended 31 December 2015

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2015.

Principal activities

Eskaylab Limited (the "Company") is an investment holding company. The Company is a member of the GlaxoSmithKline Group (the "Group"). The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a profit for the financial year of £3,736,000 (2014: profit of £2,924,000). The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The profit for the financial year of £3,736,000 will be transferred to reserves (2014: profit for the financial year of £2,924,000 transferred to reserves).

Results and dividends

The Company's results for the financial year are shown in the income statement on page 5.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31 December 2015 (2014: £nil).

Group restructuring

On 2 March 2015, the Group completed a transaction with Novartis AG involving its Consumer Healthcare, Vaccines and Oncology businesses. As part of this transaction, the Group and Novartis have created a new Consumer Healthcare business over which the Group has control with an equity interest of 63.5%. In addition, the Group has acquired Novartis' global Vaccines business (excluding influenza vaccines) and divested its marketed Oncology portfolio, related R&D activities and also granted commercialisation partner rights for future oncology products to Novartis.

As part of the transaction, certain Group companies have been involved in divestment or acquisition activities. This did not have any material impact on the financial statements of this Company.

First time adoption of FRS 100 and FRS 101

In the current year the Company has adopted Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). In previous years the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the notes to the financial statements.

Directors and their interests

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

Glaxo Group Limited
Edinburgh Pharmaceutical Industries Limited
A Burns

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.

Directors' indemnity

Each of the Directors benefits from an indemnity given by the Company under its Articles of Association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of his or its 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.

Eskaylab Limited
(Registered number: 00099025)

Directors' report for the year ended 31 December 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 'Reduced disclosure framework' ("FRS 101") and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements

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 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.

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 to make themselves aware of any relevant audit information

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

By order of the Board



P Williamson
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Company Secretary
2 June 2016

Eskaylab Limited
(Registered number: 00099025)

Independent auditors' report to the members of Eskaylab Limited

Report on the financial statements

Our opinion

In our opinion, Eskaylab Limited's financial statements, (the "financial statements"):

- give a true and fair view of the state of the Company's affairs at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Eskaylab Limited
(Registered number: 00099025)

Independent auditors' report to the members of Eskaylab Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 June 2016

Eskaylab Limited
(Registered number: 00099025)

Income statement
for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Other operating expenses		(9)	(11)
Operating loss	4	(9)	(11)
Dividend income from available-for-sale investments	5	3,673	2,873
Profit before interest and taxation		3,664	2,862
Finance income	6	88	76
Profit on ordinary activities before income tax		3,752	2,938
Income tax expense on ordinary activities	7	(16)	(14)
Profit for the financial year		3,736	2,924

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

There is no difference in either the current year or prior year between the profit on ordinary activities before income tax and the profit for the financial year stated above and their historical cost equivalents.


Eskaylab Limited
(Registered number: 00099025)
Statement of comprehensive income
for the year ended 31 December 2015

	2015	2014
	£'000	£'000
Profit for the year	3,736	2,924
Items that may be subsequently reclassified to the income statement:		
Fair value gains on available-for-sale investments	8,785	17,881
Other comprehensive income for the year	8,785	17,881
Total comprehensive income for the year	12,521	20,805

Eskaylab Limited
(Registered number: 00099025)
Balance sheet
as at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	8	199,506	190,721
Current assets			
Trade and other receivables	9	26,761	23,022
Creditors: amounts falling due within one year	10	(39)	(36)
Net current assets		26,722	22,986
Total assets less current liabilities		226,228	213,707
Net assets		226,228	213,707
Capital and reserves			
Called up share capital	11	2,192	2,192
Other reserves	12	198,780	189,995
Retained earnings		25,256	21,520
Total shareholders' funds		226,228	213,707

The financial statements on pages 5 to 15 were approved by the Board of Directors on 2 June 2016 and were signed on its behalf by:



A Burns
Director

Eskaylab Limited
(Registered number: 00099025)

Statement of changes in equity
for the year ended 31 December 2015

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2014	2,192	172,114	18,596	192,902
Profit for the year	-	-	2,924	2,924
Total other comprehensive income for the year	-	17,881	-	17,881
At 31 December 2014	2,192	189,995	21,520	213,707
Profit for the year	-	-	3,736	3,736
Total other comprehensive income for the year	-	8,785	-	8,785
At 31 December 2015	2,192	198,780	25,256	226,228

Notes to the financial statements for the year ended 31 December 2015

1 Presentation of the financial statements

Eskaylab Limited's (the "Company") principal activity is an investment holding company.

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

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of available-for-sale financial assets, and in accordance with the Companies Act 2006.

First time application of FRS 100 and 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in note 17.

The change in basis of preparation has enabled the company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable accounting standards.

Disclosure exemptions adopted

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial instruments: disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
 - 16 (statement of compliance with all IFRS),

Notes to the financial statements for the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- 38A (requirements for minimum of two primary statements, including cash flow statements),
- 38B-D (additional comparative information),
- 40A-D (requirements for a third balance sheet),
- 111 (cash flow statement information), and
- 134 - 136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- 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.

(b) Consolidation

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006. GlaxoSmithKline plc, a company registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company, are the consolidated financial statements of GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham Limited. These financial statements are separate financial statements.

(c) Foreign currency transactions

Foreign currency transactions are booked in 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 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.

(d) Dividends paid and received

Interim dividends received are included in the income statement in the year in which the right to receive the payment is established. Interim dividends paid are included in reserves in the year in which they are paid. Final dividends are recorded in the reserves upon shareholder approval. Dividends in specie are recognised at their fair value at the date of receipt.

(e) Financial assets

Classification

The Company classifies its financial assets in the following categories: available for sale or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise receivables in the balance sheet.

Notes to the financial statements for the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

(e) Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised in the trade-date, being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale investments are initially recorded at fair value plus transaction costs and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on available-for-sale investments are recognised directly in other comprehensive income. Impairments arising from the significant or prolonged decline in fair value of an equity investment reduce the carrying amount of the asset directly and are charged to the income statement.

On disposal or impairment of the investments, any gains and losses that have been deferred in other comprehensive income are reclassified to the income statement. Dividends on equity investments are recognised in the income statement when the Company's right to receive payment is established. Equity investments are recorded in non-current assets unless they are expected to be sold within one year.

(f) Impairment of non-financial assets

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

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

(g) Taxation

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

(h) Finance income

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

(i) Trade and other receivables

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

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

Notes to the financial statements for the year ended 31 December 2015

3 Key accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates. The following are considered to be the key accounting judgements and estimates made.

(a) Taxation

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

(b) Valuation of available-for-sale investments

The Company's investment are classified as available-for-sale investments and consist entirely of a 6.94% holding of the listed ordinary share capital of *GlaxoSmithKline Pharmaceuticals Limited* ("available-for-sale investment"), a company incorporated in India, whose main activities are marketing and production of pharmaceutical products.

Management have calculated the fair value of the investments based on the listed share price of the Company. The fair value movements of available for sale investments are accounted for in revaluation reserves.

4 Operating loss

	2015 £'000	2014 £'000
The following item has been charged in operating loss:		
Management fee	9	9

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditors' remuneration of £4,031 (2014: £3,913).

5 Dividend income from available-for-sale investments

	2015 £'000	2014 £'000
Dividends	3,673	2,873

On 03 August 2015, Eskaylab Limited received a dividend of £3,673,072 (2014: £2,872,777) from GlaxoSmithKline Pharmaceuticals Limited.

6 Finance income

	2015 £'000	2014 £'000
On loans with Group undertakings	88	76

Notes to the financial statements for the year ended 31 December 2015

7 Taxation

	2015 £'000	2014 £'000
Income tax expense on ordinary activities		
Current tax:		
UK corporation tax at 20.25% (2014: 21.49%)	16	14
Total current tax	16	14
Total tax charge for the year	16	14

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £'000	2014 £'000
Reconciliation of total tax charge		
Profit on ordinary activities before tax	3,752	2,938
Profit on ordinary activities at the UK statutory rate 20.25% (2014: 21.49%)	760	631
Effects of:		
Income not taxable	(744)	(617)
Total tax charge for the year	16	14

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

Factors that may effect future tax charges:

The UK corporation tax rate reduced from 21% to 20% (effective 1 April 2015) were enacted in 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted as part of the Finance (No 2) Act 2015 on 26 October 2015. This will impact the Company's future current tax charge accordingly.

8 Investments

	2015 £'000	2014 £'000
Available-for-sale investments		
At 1 January	190,721	172,840
Fair value gains on available-for-sale investments	8,785	17,881
At 31 December	199,506	190,721

The Company's investment are classified as available-for-sale investments and consist entirely of a 6.94% holding of the unlisted ordinary share capital of GlaxoSmithKline Pharmaceuticals Limited ("available-for-sale investment"), a company incorporated in India, whose main activities are marketing and production of pharmaceutical products.

Management have calculated the fair value of the investments based on the listed share price of the Company. The fair value movements of available-for-sale investments are accounted for in revaluation reserves.

9 Trade and other receivables

	2015 £'000	2014 £'000
Amounts due within one year		
Amounts owed by Group undertakings	26,761	23,022

The amounts owed by Group undertakings are unsecured and are repayable on demand.

Notes to the financial statements for the year ended 31 December 2015

10 Creditors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	23	22
Corporation tax	16	14
	39	36

Amounts owed to 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.

11 Share capital

	2015 Number of shares	2014 Number of shares	2015 £'000	2014 £'000
Authorised				
Ordinary Shares of 10p each (2014: 10p each)	40,000,000	40,000,000	4,000	4,000
Issued and fully paid				
Ordinary Shares of 10p each (2014: 10p each)	21,920,000	21,920,000	2,192	2,192

12 Other reserves

	2015 £'000	2014 £'000
At 1 January 2015	189,995	172,114
Fair value movements on available-for-sale investments	8,785	17,881
At 31 December 2015	198,780	189,995

On transition to FRS 101, certain fixed asset investments that were held at cost under previous GAAP were reclassified to available-for-sale investments. As a result, an adjustment is included in the reconciliation of opening shareholders' equity to restate these fixed asset investments to fair value. See Note 17 for further details.

13 Contingent liabilities

Group banking arrangement

The Company, together with fellow Group undertakings has entered into a Group banking arrangement with the Company's principal bank. The bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the bank of any other party to this agreement. The Company's maximum potential liability as at 31 December 2015 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

14 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 (Note 4). The Company has no employees.

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 (2014: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2014: £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.

Notes to the financial statements for the year ended 31 December 2015

17 First-time adoption of FRS 100 and FRS 101

The following tables and explanatory notes outline the impact of the first-time adoption of FRS 100 and FRS 101 on the Company. Under FRS 100 and FRS 101, the date of transition is 1 January 2014, being the beginning of the earliest reported financial year in the financial statements. The impact on equity as at the date of transition is summarised below:

Reconciliation of equity at 1 January 2014	Share capital £'000	Other reserves £'000	Retained earnings £'000	Shareholders' equity £'000
At 1 January 2014 as previously reported under previous GAAP	2,192	-	18,596	20,788
Fair value gains on available-for-sale investments	-	172,114	-	172,114
As at 1 January 2014 in accordance with FRS 101	2,192	172,114	18,596	192,902

Notes to the reconciliation of equity at 1 January 2014:

On transition to FRS 101, certain fixed asset investments that were held at cost under previous GAAP were reclassified to available-for-sale investments. As a result, an adjustment is included in the reconciliation of opening shareholders' equity to measure these investments to their fair value. The fair value movement has been included within other reserves.

Reconciliation of total comprehensive income for the year ended 31 December 2014:

The adoption of FRS 100 and FRS 101 had no impact on the Income statement for the year ended 31 December 2014. Therefore, no Income statement is shown below.

Statement of comprehensive income	Under previous GAAP 2014 £'000	Effect of transition to FRS 101 £'000	FRS 101 2014 £'000
Profit for the year	2,924	-	2,924
Items that may be subsequently reclassified to the income statement:			
Fair value gains on available-for-sale investments	-	17,881	17,881
Other comprehensive income for the year	-	17,881	17,881
Total comprehensive income for the year	2,924	17,881	20,805

Balance sheet

Fixed assets			
Investments	726	189,995	190,721
Current assets			
Trade and other receivables	23,022	-	23,022
Creditors: amounts falling due within one year	(36)	-	(36)
Net current assets	22,986	-	22,986
Total assets less current liabilities	23,712	189,995	213,707
Net assets	23,712	189,995	213,707
Equity			
Share capital	2,192	-	2,192
Other reserves	-	189,995	189,995
Retained earnings	21,520	-	21,520
Shareholders' equity	23,712	189,995	213,707

Notes to the restatement of comparative information

On transition to FRS 101, certain fixed asset investments that were held at cost under previous GAAP were reclassified to available-for-sale investments. As a result, an adjustment is included in the reconciliation of opening shareholder equity to measure these investments to their fair value. The fair value movement has been included within other reserves.