

SmithKline Beecham Research Limited
(Registered Number 229017)

Annual Report and Financial Statements

For the Year Ended 31st December 2003

Registered office address:

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SmithKline Beecham Research Limited
Annual Report and Financial Statements
For the Year Ended 31st December 2003

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SmithKline Beecham Research Limited

Directors' Report for the Year Ended 31st December 2003

The Directors submit their report and the audited financial statements for the year ended 31st December 2003.

Principal activities

The principal activity of the Company is marketing of pharmaceutical products in Africa and Philippines.

Review of business

The Company made a loss on ordinary activities after taxation of (£1,540,000) (2002 - profit £835,000). 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 retained loss for the year of (£1,540,000) will be transferred from reserves (2002 - retained profit for the year of £835,000 transferred to reserves).

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 4.

The Directors propose that no dividend be paid to the holders of Ordinary Shares in respect of the year ended 31st December 2003 (2002 - nil)

Directors and their interests

The Directors of the Company who served during the year are as follows:

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business except where such an interest may arise in the ordinary course of business.

Save as disclosed, no arrangements to which the Company was a party existed at the end of the year, or at any time during the year, which would enable the Directors to acquire benefits through the acquisition of shares, or debentures of the Company, or any body corporate within the Group.

At 31st December 2003 none of the Directors have beneficial interests in the shares of any other Group company, except where such a beneficial interest may arise in the ordinary course of business.

Payment policy

The Company operates procedures to ensure that suppliers are paid on time. In particular, the Company seeks:

- to settle terms of payment with suppliers when agreeing the terms of the transaction
- to ensure that suppliers are made aware of the agreed terms of payment
- to abide by the terms of payment

The procedures include arrangements for accelerated payment of small suppliers.

Fixed assets

Details of the Company's Fixed Assets are given in Note 7 to the Accounts

SmithKline Beecham Research Limited

Directors' Report for the Year Ended 31st December 2003

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

In preparing the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors

Elective resolutions to dispense with holding Annual General Meetings, the laying of accounts before the Company in general meetings and the appointment of Auditors annually are currently in force. The Auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this Report and Accounts are sent to members unless a resolution is passed under Section 393 of the Companies Act to the effect that their re-appointment be brought to an end.

By order of the Board



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Secretary

2 June 2004

SmithKline Beecham Research Limited

Independent auditors' report to the members of SmithKline Beecham Research Limited

We have audited the financial statements which comprise: the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers Ltd
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
2 June 2004

SmithKline Beecham Research Limited

Profit and Loss Account

For the Year Ended 31st December 2003

		2003	2002
	<i>Notes</i>	£000	£000
Turnover	2	2,054	2,672
Cost of sales		(1,802)	(1,419)
Gross profit		252	1,253
Administrative expenses		(91)	(1,606)
Operating profit/(loss)	3	161	(353)
Corporate restructuring costs		(63)	(256)
Profit/(loss) before interest		98	(609)
Net interest payable	5	(1,531)	(288)
(Loss)/Profit on ordinary activities before taxation		(1,433)	(897)
Taxation	6	(107)	1,732
Retained (loss)/profit	16	(1,540)	835

The results disclosed above relate entirely to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit stated above and their historical cost equivalents.

The notes on pages 7 to 17 form part of these financial statements

SmithKline Beecham Research Limited

**Statement of Total Recognised Gains and Losses
For the Year Ended 31st December 2003**

	2003	2002
	£000	£000
Profit for the financial year	(1,540)	835
Exchange loss on net investment	(789)	(2,372)
Total gains and losses recognised	(2,329)	(1,537)

The notes on pages 7 to 17 form part of these financial statements.

SmithKline Beecham Research Limited

Balance Sheet

As at 31st December 2003

		2003	2002
	Notes	£000	£000
Tangible assets	7	3,573	2,688
Investments	8	11,505	10,340
Fixed Assets		15,078	13,028
Equity Investments	9	60	1,557
Stock	10	679	170
Debtors	11	46,500	31,840
Cash at bank		315	1,145
Current assets		47,554	34,712
Creditors: amounts due within one year	12	(59,262)	(42,010)
Net current assets		(11,708)	(7,298)
Total assets less current liabilities		3,370	5,730
Provisions for liabilities and charges	13	-	(31)
Net assets		3,370	5,699
Capital and reserves			
Called up share capital	15	1,616	1,616
Profit and loss account	16	1,754	4,083
Equity shareholders' funds	17	3,370	5,699

The accounts on pages 4 to 17 were approved by the Board of Directors on 2 June 2004 and were signed on its behalf by:



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 7 to 17 form part of these financial statements.

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of accounting

These financial statements have been prepared using the historical cost convention, and have been drawn up in accordance with UK generally accepted accounting principles and with UK accounting presentation.

(b) Foreign currency translation

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction, or at the forward rate if hedged by a forward exchange contract. Foreign currency assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date, or at the forward rate. Exchange differences are included in trading profit. The retranslation of the opening reserves and results for the period of overseas branches that are denominated in a foreign currency are taken to the statement of total recognised gains and losses.

(c) Revenue

Revenue is recognised in the profit and loss account when goods or services are supplied to external customers [or other group subsidiaries] against orders received. Turnover represents the net invoice value, after deduction of discounts given at the point of sale, of products despatched to, or available for collection by customers, less accruals for estimated future rebates and returns. Value added tax and other sales taxes are excluded from revenue.

(d) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising expenditure is charged to the profit and loss account as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Restructuring costs are recognised in respect of the direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

(e) Retirement Benefits

The Philippines branch operates a non-contributory defined benefit pension scheme based on final pensionable pay and total years of service. The scheme assets are held separately in a trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives with the Company.

(f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less a provision for depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets, excluding freehold land, in equal annual instalments over their expected useful lives. The normal expected useful lives of the major categories of tangible fixed assets are:

Land and buildings	20 to 50 years
Leasehold improvements	The shorter of lease term and 50 years
Plant and equipment	4 to 10 years
Motor vehicles	5 years

On disposal of a tangible fixed asset, the cost and related accumulated depreciation are removed from the financial statements and the net amount, less any proceeds, is taken to the profit and loss account.

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

(g) Leases

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of the assets. The interest element of the lease rental is charged against profit.

All other leases are operating leases and the annual rentals are charged against profit on a straight-line basis over the lease term.

(h) Stocks

Stocks are included in the financial statements at the lower of cost (including manufacturing overheads, where appropriate) and net realisable value. Cost is generally determined on a first in, first out basis.

(i) Taxation

The Company accounts for taxation which is deferred or accelerated by reason of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax on the retained earnings of overseas subsidiaries is only provided when there is a binding commitment to distribute past earnings in future periods.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax liabilities and assets are not discounted.

(j) Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

In the case of securities acquired at a significant premium or discount to maturity value, and intended to be held to redemption, cost is adjusted to amortise the premium or discount over the life to maturity of the security. Floating rate bonds are stated at cost. Interest income is taken to the profit and loss account on a receivable basis.

Equity investments are included as current assets when regarded as available for sale.

(k) Legal and other disputes

Provision is made for the anticipated settlement costs and legal and other expenses associated with claims received and legal and other disputes against the Company where a reasonable estimate can be made of the likely outcome of the dispute. No provision is made for unasserted claims or where an obligation exists under a dispute but it is not possible to make a reasonable estimate. Costs associated with claims made by the Company against third parties are charged to the profit and loss account as they are incurred.

2 Segmental Information

The analysis by location of the company's operations are:

	Turnover		Profit/(loss) before interest and taxation		Net operating assets/(liabilities)	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Philippines	2,054	2,672	161	(562)	13,980	13,558
Africa	-	-	(63)	(47)	(12)	(12)
	2,054	2,672	98	(609)	13,968	13,546

Analysis of turnover by type:

	2003 £000	2002 £000
Third Party sales	791	970
Intercompany sales	1,263	1,702
	2,054	2,672

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

3 Operating profit

	2003 £000	2002 £000
The following items have been charged in operating profit		
Depreciation of tangible fixed assets:		
Owned assets	240	1,028
Impairment of tangible fixed assets	-	887
Exchange losses/(gains) on foreign currency transactions	18	(43)
(Profit)/loss on disposal of fixed assets	(46)	(55)
Operating lease rentals:		
Land and buildings	50	23
Plant, equipment and vehicles	5	12
Audit fees		
Auditors' overseas firm	6	7

4 Corporate restructuring costs

Restructuring costs were incurred by the company in implementation of the previously announced merger plans in the Philippines (see note 13).

The effect on the tax charge when incurring these exceptional costs is to decrease the tax charge by £19,000. (2001 - £77,000)

5 Net interest payable/receivable

	2003 £000	2002 £000
Interest payable		
On bank loans and overdrafts	(3)	(83)
On loans with group undertakings	(1,554)	(366)
	(1,557)	(449)
Investment income		
Interest receivable from third parties	26	161
	26	161
	(1,531)	(288)

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

6 Taxation

	2003 £000	2002 £000
Taxation (charge)/credit based on losses for the period		
UK corporation tax at 30% (2002: 30%)	275	(150)
Over/(under) provision in previous years	(50)	1,708
Deferred taxation	(321)	468
Overseas taxation	(6)	(54)
Overseas deferred taxation	(5)	(240)
	(107)	1,732

	2003 £000	2002 £000
Reconciliation of current taxation charge		
Profit on ordinary activities at the UK statutory rate 30%	430	269
Overseas taxation	(6)	(54)
Permanent differences	(389)	49
Prior year adjustments to current tax	(50)	1,708
Capital allowances in excess of depreciation	211	(468)
Other timing differences	23	-
Current tax charge for the period	219	1,504

The prior periods tax credits were based on managements' best estimates that were revised during the year following submission of the tax returns or agreement with the tax authorities.

7 Tangible fixed assets

	Land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost at 1st January 2003	1,230	4,852	6,082
Additions		1,469	1,469
Disposals		(30)	(30)
Reclassifications	(3)	3	-
Exchange adjustment	(160)	(333)	(493)
Cost at 31st December 2003	1,067	5,961	7,028
Depreciation at 1st January 2003	(208)	(3,186)	(3,394)
Provision for the year	(32)	(208)	(240)
Disposals	-	14	14
Exchange adjustment	25	140	165
Depreciation at 31st December 2003	(215)	(3,240)	(3,455)
Net book value at 1st January 2003	1,022	1,666	2,688
Net book value at 31st December 2003	852	2,721	3,573

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

8 Investments held as fixed assets

	Investments £000
At 1st January 2003	10,340
Additions	2,515
Exchange adjustments	(1,350)
At 31st December 2003	11,505

Investments comprise unlisted investments of £11,505k (2002 - £10,340).

9 Equity Investments

	£000
At 1st January 2003	1,557
Exchange adjustments	(203)
Additions	-
Impairment	(1,294)
At 31st December 2003	60

Equity investments held as current assets consisted of unlisted investments of £60k (2002 - £1,557k).

10 Stocks

	2003 £000	2002 £000
Raw materials and consumables	213	144
Work in progress	9	9
Finished goods and goods for resale	457	17
	679	170

The replacement cost of stocks is not materially different from original cost.

11 Debtors

	2003 £000	2002 £000
Amounts due within one year		
Trade debtors	1,367	1,695
Amounts owed by group undertakings	44,077	28,885
Other debtors	139	415
Taxation	509	89
Deferred overseas income tax recoverable	381	408
Deferred taxation	27	348
	46,500	31,840

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

12 Creditors

	2003 £000	2002 £000
Amounts due within one year		
Bank loans and overdrafts	-	346
Trade creditors	755	117
Amounts owed to group undertakings	58,224	41,196
Other creditors	283	351
	59,262	42,010

Included within other creditors is a pension accrual for £2,807 (2002: £69,789)

13 Provisions for liabilities and charges

	Restructuring costs £000	Total £000
At 1st January 2003	31	31
Applied	(31)	(31)
At 31st December 2003	-	-

The Company has recognised costs in 2002 in respect of plans for restructuring initiated in 2000 following the merger of Glaxo Wellcome plc and SmithKline Beecham plc. In 2003 all remaining costs have been recognised in the profit and loss account.

14 Deferred taxation asset/(liability)

	2003 £000	2002 £000
Accelerated capital allowances	20	348
Other timing differences	7	-
	27	348
Deferred tax asset		Total £000
At 1st January 2003		348
P&L charge		(321)
At 31st December 2003		27

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

15 Called up share capital - equity interests

	2003	2002	2003	2002
	Number of	Number of	£000	£000
	shares	shares		
Authorised				
Ordinary Shares of 25p each	8,000,000	8,000,000	2,000	2,000
Issued and fully paid				
Ordinary Shares of 25p each	6,462,400	6,462,400	1,616	1,616

16 Reserves - equity interests

	Profit & Loss	Total
	account	Reserves
		£000
At 1st January 2003	4,083	4,083
Retained profit for the financial year	(1,540)	(1,540)
Exchange movements	(789)	(789)
At 31st December 2003	1,754	1,754

17 Reconciliation of movements in shareholders' funds

	2003	2002
	£000	£000
Profit for the financial year	(1,540)	835
Exchange movement on net investment	(789)	(2,372)
Net addition to shareholders' funds	(2,329)	(1,537)
Opening shareholders' funds	5,699	7,236
Closing shareholders' funds – equity interests	3,370	5,699

18 Commitments

Commitments under operating leases to pay rentals	2003	2002
For next year	£000	£000
Operating leases on land and buildings which expire:		
In one year or less	4	5
Between one and five years	-	12
	4	17

Notes to the Financial Statements for the Year Ended 31st December 2003

19 Retirement Benefits

The Philippines branch operates a non-contributory defined benefit scheme based on final pensionable pay and total years of service. The scheme assets are held separately in a trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives with the Company. The contributions are determined by an independent qualified actuary on the basis of valuations using the attained age cost method. The most recent valuation was at 31 December 2003. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the rate of return on investments would be 11% per annum and salary increases would be 10% for the next three years.

The pension charge for the period was £43,826 (2002: £4,000).

The valuation completed at 31 December 2003 showed that the market value of the schemes assets was £422,000 and that the actuarial value of those assets represented 97.8% of the benefits that had accrued to members, giving an unfunded actuarial liability of £9,000. The Company is funding this liability over ten years. The contributions of the Company to the scheme were decreased from 17.3% to 11.94% of earnings with effect from 31 December 2003, together with additional amounts to fund the liability.

FRS 17 disclosure

The Company continues to account for pension arrangements in accordance with SSAP 24 'Accounting for Pension Costs'. Under the transitional provisions of FRS 17 'Retirement Benefits' certain disclosures are required on the basis of the valuation methodology adopted by FRS 17. For the defined benefit scheme in Philippines, the fair values of the pension scheme assets at 31 December 2003 are compared with the future pension liabilities calculated under the projected unit method. The relevant assumptions used for the FRS 17 calculations are as follows:

	2003 % pa	2002 % pa
Rate of increase of future earnings	9.0	10.0
Discount rate	10.0	11.0
Expected pension increases	0.0	0.0
Inflation assumption	6.0	6.0

The expected rates of return on the assets and the fair values of the assets and liabilities of the Philippines defined benefit scheme at 31 December 2003 are as follows:

	Expected Rate of Return %	2003 £'000	Expected Rate of Return %	2002 £'000
Equity	10.00%	383	11.00%	402
Other assets	10.00%	39	11.00%	10
Total market value of assets		422		412
Present value of scheme liabilities		(351)		(421)
Surplus in the scheme		71		(9)
Related deferred tax Liability		(21)		3
Net pension asset		50		(6)

If the defined benefit pension and post retirement benefit scheme had been accounted for under FRS 17, the following amounts would have been recorded in the profit and loss account and the statement of recognised gains and losses for the year ended 31st December 2003.

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

FRS 17 Disclosure (continued)

Amounts charged to operating profit	2003 £'000	2002 £'000
Current service cost	35	42
Total operating charge	35	42
Amounts credited/(charged) to net interest	2003 £'000	2002 £'000
Expected return on pension scheme assets	43	47
Interest on pension scheme liabilities	(38)	(46)
Net return	5	1
Amounts recorded in statement of total recognised gains	2003 £'000	2002 £'000
Actual return less expected return on pension scheme assets	70	(172)
Experience gains and losses arising on the scheme liabilities	5	8
Actuarial loss recognised	75	(164)
Movement in surplus during the year	2003 £'000	2002 £'000
Surplus in scheme at beginning of the year	(9)	126
Effect on retranslation of surplus at 2003 exchange rates	1	31
Movement in year:		
Current service cost	(35)	(42)
Contributions	34	39
Past service costs	-	-
Other finance income	5	1
Actuarial loss	75	(164)
Deficit in scheme at end of the year	71	(9)
History of experience gains and losses	2003 £'000	2002 £'000
Difference between the expected and actual return on scheme	70	(172)
Percentage of scheme assets at 31st December	17%	(42%)
Experience gains(losses) of scheme liabilities (£'000)	5	8
Percentage of present value of scheme liabilities at 31st December	(1%)	(2%)
Total amount recognised in statement of total recognised gains	75	(164)
Percentage of present value of scheme liabilities at 31st December	21%	(39%)

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Notes to the Financial Statements for the Year Ended 31st December 2003

FRS 17 Disclosure (continued)

The surplus under FRS 17 reflects the different basis for valuing assets and liabilities compared with SSAP 24, including immediate impact of the fair values of assets at 31 December 2003.

If the valuation basis above had been applied in the accounts instead of SSAP 24 valuation basis, the effect on the profit and loss account reserve at 31 December 2003 would have been as follows:

	2003	2002
	£'000	£'000
Profit and Loss account reserve per balance sheet under SSAP 24	1,754	4,083
Pension Asset under FRS 17	50	(6)
Pension liability under SSAP 24 per note 11	3	70
Profit and loss account reserve including pension liability	1,807	4,147

20 Employees

Employee costs	2003	2002
	£000	£000
Wages and salaries	572	508
Social security costs	11	13
Pension and other employment costs	117	161
	700	682

The average number of persons employed by the Company (including Directors) during the year

	2003	2002
Selling, general and administration	82	83
	82	83

21 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking. As a wholly owned subsidiary of the ultimate parent undertaking, advantage has been taken of the exemption afforded by Financial Reporting Standard 1 (Revised 1996) not to prepare a cash flow statement.

22 Group financial statements

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 s.228 of the Companies Act 1985.

SmithKline Beecham Research Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

23 Ultimate parent undertaking

GlaxoSmithKline plc, registered in England and Wales, is the Company's ultimate parent undertaking. 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 accounts can be obtained from The Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham plc.

24 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by Financial Reporting Standard 8 not to disclose any related party transactions within the Group. There are no other related party transactions.