

**SmithKline Beecham Research Limited**  
**(Registered Number 229017)**

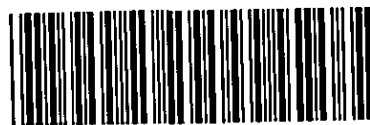
**Annual Report and Financial Statements**

**For the year ended 31st December 2008**

**Registered office address:**

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Brentford  
Middlesex  
TW8 9GS

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**SmithKline Beecham Research Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31st December 2008**

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## **SmithKline Beecham Research Limited**

### **Directors' Report for the year ended 31st December 2008**

The Directors submit their report and the audited financial statements for the year ended 31st December 2008.

#### **Principal activities**

The principal activity of the Company is the manufacture and supply of pharmaceutical products to GlaxoSmithKline Group ("the Group") companies in the Philippines.

#### **Review of business**

The Company made a loss on ordinary activities after taxation of £3,948,000 (2007 - loss of £1,702,000). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable due to financial support obtained from GlaxoSmithKline Finance plc, and the Company remains a going concern.

The loss for the financial year of £3,948,000 will be transferred from reserves (2007 - loss for the year of £1,702,000 transferred from reserves).

#### **Principal risks and uncertainties**

The Directors of GlaxoSmithKline plc manage the risks of the the Group at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2008 Annual Report ("Corporate Governance" section) which does not form part of this report.

#### **Key performance indicators (KPIs)**

The Directors of the Group manage the Group's operations on a business sector basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2008 Annual Report ("2008 performance overview" section) which does not form part of this report.

#### **Results and dividends**

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

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2008 (2007 - £nil).

#### **Branches**

Smithkline Beecham Research Limited - Philippines branch.

#### **Directors**

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

Edinburgh Pharmaceutical Industries Limited  
Glaxo Group Limited

#### **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 its duties.

## **SmithKline Beecham Research Limited**

### **Directors' Report for the year ended 31st December 2008 (continued)**

#### **Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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 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.

As far as 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 and to establish that the Company's auditors are aware of that information.

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**

PricewaterhouseCoopers LLP are deemed to be re-appointed in accordance with an elective resolution made under s386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

By order of the Board



**P Williamson**

**For and on behalf of Edinburgh Pharmaceutical Industries Limited - Secretary**  
**30th March 2009**

## **SmithKline Beecham Research Limited**

### **Independent Auditors' Report to the members of SmithKline Beecham Research Limited**

We have audited the financial statements of SmithKline Beecham Research Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
West London  
30th March 2009

**SmithKline Beecham Research Limited**

**Profit and Loss Account**

**For the year ended 31st December 2008**

	<i>Notes</i>	<b>2008 £000</b>	<b>2007 £000</b>
<b>Turnover</b>		<b>3,776</b>	<b>3,492</b>
<b>Cost of sales</b>		<b>(4,055)</b>	<b>(3,025)</b>
<b>Gross (loss)/profit</b>		<b>(279)</b>	<b>467</b>
<b>Administrative expenses</b>		<b>(41)</b>	<b>(31)</b>
<b>Other operating income/(expense)</b>		<b>401</b>	<b>(154)</b>
<b>Operating profit</b>	<b>2</b>	<b>81</b>	<b>282</b>
<b>Net interest payable</b>	<b>3</b>	<b>(2,818)</b>	<b>(907)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(2,737)</b>	<b>(625)</b>
<b>Taxation</b>	<b>4</b>	<b>(1,211)</b>	<b>(1,077)</b>
<b>Loss for the financial year</b>	<b>13</b>	<b>(3,948)</b>	<b>(1,702)</b>

The results disclosed above relate entirely to continuing operations.

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

The notes on pages 7 to 14 form part of these financial statements.

**SmithKline Beecham Research Limited**

**Statement of Total Recognised Gains and Losses  
For the year ended 31st December 2008**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>Loss for the financial year</b>	<b>(3,948)</b>	<b>(1,702)</b>
Exchange movement on overseas net assets	<b>4,562</b>	<b>3,324</b>
FRS 17 actuarial (loss) / gain	<b>(653)</b>	<b>489</b>
Deferred tax on pension asset movement	<b>183</b>	<b>(147)</b>
Deferred tax on tax rate change	<b>-</b>	<b>21</b>
<b>Total gains recognised</b>	<b>144</b>	<b>1,985</b>

The notes on pages 7 to 14 form part of these financial statements.

**SmithKline Beecham Research Limited**

**Balance Sheet**

**As at 31st December 2008**

	<i>Notes</i>	<b>2008 £000</b>	<b>2007 £000</b>
Tangible assets	5	4,639	3,941
Investments	6	15,000	12,534
<b>Fixed assets</b>		<b>19,639</b>	<b>16,475</b>
Equity investments	7	218	224
Debtors	8	47,520	49,274
Cash at bank		8,063	6,467
<b>Current assets</b>		<b>55,801</b>	<b>55,965</b>
<b>Creditors: amounts due within one year</b>	10	<b>(69,540)</b>	<b>(67,004)</b>
<b>Net current liabilities</b>		<b>(13,739)</b>	<b>(11,039)</b>
<b>Total assets less current liabilities</b>		<b>5,900</b>	<b>5,436</b>
Net pension asset	16	444	764
<b>Net assets</b>		<b>6,344</b>	<b>6,200</b>
<b>Capital and reserves</b>			
Called up share capital	12	1,616	1,616
Profit and loss account	13	4,728	4,584
<b>Equity shareholders' funds</b>	14	<b>6,344</b>	<b>6,200</b>

The accounts on pages 4 to 14 were approved by the Board of Directors on 30th March 2009 and were signed on its behalf by:



A Grist

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 7 to 14 form part of these financial statements.

**SmithKline Beecham Research Limited**

**Notes to the Financial Statements for the year ended 31st December 2008**

**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 on the going concern basis under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 1985 and applicable UK Accounting Standards.

**(b) Foreign currency transactions**

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction. Foreign currency assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in operating profit. On consolidation, assets and liabilities of the overseas branch are translated into Sterling at rates of exchange ruling at the balance sheet date. The results of the overseas branch are translated into Sterling using average rates of exchange. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves.

**(c) Revenue**

Revenue is recognised in the profit and loss account when goods or services are supplied to, or made available for collection by, external customers or other group subsidiaries against orders received. Turnover represents the net invoice value after the deduction of discounts given at the point of sale. 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.

**(e) Retirement Benefits**

The Philippines branch operates a defined contribution pension scheme, the assets of which are held separately in a trustee administered fund. Contributions to the fund are charged to the profit and loss account as incurred.

The Philippines branch also 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.

**(f) Tangible fixed assets**

Tangible fixed assets are stated at cost less provisions for depreciation or impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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
Plant and machinery	3 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.

**(g) Fixed asset investments**

Fixed asset investments are stated in the balance sheet at cost less any provision made for impairment in value. Such investments are classified as current assets when regarded as available for sale.

**(h) 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 leases are operating leases and the annual rentals are charged against profit on a straight-line basis over the lease term.

**SmithKline Beecham Research Limited**

**Notes to the Financial Statements for the year ended 31st December 2008 (continued)**

**(i) Taxation**

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

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.

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

**2 Operating profit**

	2008 £000	2007 £000
The following items have been charged in operating profit:		
Depreciation of tangible fixed assets:		
Owned assets	553	452
Profit/(Loss) on disposal of fixed assets	2	(21)
Exchange losses on foreign currency transactions	4	138
Operating lease rentals:		
Land and buildings	43	35
Plant, equipment and vehicles	27	13
Management fee	11	11
Audit fees		
Auditors' overseas firm	9	7

Auditors' remuneration of £7,299 has been borne by GlaxoSmithKline Export Limited.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged.

**3 Net interest payable**

	2008 £000	2007 £000
Interest payable		
On loans with group undertakings	(2,949)	(4,683)
Investment income		
Interest receivable from third parties	131	94
On loans with group undertakings	-	3,682
	(2,818)	(907)

SmithKline Beecham Research Limited

Notes to the Financial Statements for the year ended 31st December 2008 (continued)

4 Taxation

	2008 £000	2007 £000
<b>Taxation charge/(credit) based on profits for the period</b>		
UK corporation tax at 28.5% (2007: 30%)	(18)	(218)
Under provision in previous years	1,279	894
Deferred taxation - current year	(11)	200
Deferred taxation - prior year	(63)	(3)
Deferred tax - change in UK Corporation tax rate	-	(31)
Overseas taxation	24	235
	<b>1,211</b>	<b>1,077</b>
<b>Reconciliation of current taxation charge</b>		
	2008 £000	2007 £000
Loss on ordinary activities at the UK statutory rate 28.5% (2007: 30%)	(781)	(188)
Overseas taxation	24	235
Permanent disallowable - interest treated as paid by ultimate parent	749	1,273
Permanent deduction - amount receivable from ultimate parent	-	(1,273)
Prior year adjustments to current tax	1,279	894
Capital allowances in excess of depreciation	11	(35)
Other timing differences	-	5
Permanent differences	3	-
<b>Current tax charge for the period</b>	<b>1,285</b>	<b>911</b>

The prior period's under provisions were based on management's best estimates that were revised during the year following submission of the tax returns or agreement with the tax authorities.

The deferred tax credit of £11,000 includes a credit of £Nil in relation to the pension scheme surplus. The deferred tax liability in respect of the pension scheme surplus is included as part of the pension scheme surplus in accordance with FRS 17.

5 Tangible fixed assets

	Land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost at 1st January 2008	1,576	7,409	8,985
Additions	1	787	788
Disposals	-	(452)	(452)
Exchange movement	311	1,128	1,439
<b>Cost at 31st December 2008</b>	<b>1,888</b>	<b>8,872</b>	<b>10,760</b>
Depreciation at 1st January 2008	(587)	(4,457)	(5,044)
Provision for the year	(56)	(497)	(553)
Disposals	-	153	153
Exchange movement	(126)	(551)	(677)
<b>Depreciation at 31st December 2008</b>	<b>(769)</b>	<b>(5,352)</b>	<b>(6,121)</b>
<b>Net book value at 1st January 2008</b>	<b>989</b>	<b>2,952</b>	<b>3,941</b>
<b>Net book value at 31st December 2008</b>	<b>1,119</b>	<b>3,520</b>	<b>4,639</b>

6 Fixed asset investments

	Fixed asset investments £000	Total £000
Cost at 1st January 2008	12,534	12,534
Exchange adjustments	2,466	2,466
<b>Cost at 31st December 2008</b>	<b>15,000</b>	<b>15,000</b>

Investments comprise unlisted investments of £15,000,000 (2007 - £12,534,000).

**SmithKline Beecham Research Limited**

**Notes to the Financial Statements for the year ended 31st December 2008 (continued)**

**7 Equity investments**

	£000
Cost at 1st January 2008	224
Transfer to other debtors	(42)
Exchange adjustments	36
Cost at 31st December 2008	218

Transfer of club memberships have been reclassified during the year from equity investments to other debtors since this more correctly reflects the nature of these assets.

**8 Debtors**

	2008 £000	2007 £000
<b>Amounts due within one year</b>		
Trade debtors	-	799
Amounts owed by group undertakings	46,061	48,440
Other debtors	1,158	4
Taxation	281	-
Deferred tax asset	-	31
	47,500	49,274
<b>Amount due after one year</b>		
Deferred taxation	20	-
	20	-
	47,520	49,274

The taxation debtor contains amounts which will be recovered by way of payments from fellow group companies.

**9 Deferred tax asset**

	£000
At 1st January 2008	31
Movement between current and deferred tax	4
Prior year credit	(15)
At 31st December 2008	20

**10 Creditors**

	2008 £000	2007 £000
<b>Amounts due within one year</b>		
Trade creditors	351	54
Amounts owed to group undertakings	67,501	64,487
Taxation	-	914
Other creditors	1,175	1,109
Deferred taxation	513	440
	69,540	67,004

**11 Deferred taxation liability**

	2008 £000	2007 £000
<b>Accelerated capital allowances</b>	(513)	(440)
	(513)	(440)
<b>Deferred tax liability</b>		£000
At 1st January 2008		(440)
Credit to profit and loss account		11
Charge to equity		(162)
Prior year credit		78
At 31st December 2008		(513)

The deferred tax liability in respect of the pension scheme surplus is included as part of the pension scheme surplus in accordance with FRS 17.

SmithKline Beecham Research Limited

Notes to the Financial Statements for the year ended 31st December 2008 (continued)

12 Called up share capital - equity interests

	2008 Number of shares	2007 Number of shares	2008 £000	2007 £000
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

13 Reserves - equity interests

	Profit & Loss account £000	Total Reserves £000
At 1st January 2008	4,584	4,584
Loss for the financial year	(3,948)	(3,948)
Exchange movements	4,562	4,562
FRS17 - actuarial loss	(653)	(653)
Deferred tax on pension asset movement	183	183
At 31st December 2008	4,728	4,728

14 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Loss for the financial year	(3,948)	(1,702)
FRS17 - actuarial (loss) / gain	(653)	489
Exchange movements	4,562	3,324
Deferred tax on pension asset movement	183	(147)
Deferred tax on pension asset movement - tax rate change	-	21
Net addition to shareholders' funds	144	1,985
Opening shareholders' funds	6,200	4,215
Closing shareholders' funds - equity interests	6,344	6,200

15 Commitments

Commitments under operating leases to pay rentals for the next year	2008 £000	2007 £000
Operating leases on land and buildings which expire: In one year or less	47	38
	47	38
Operating leases on plant, equipment and vehicles which expire: In one year or less	2	36
Between one and five years	16	11
	18	47

# SmithKline Beecham Research Limited

## Notes to the Financial Statements for the year ended 31st December 2008 (continued)

### 16 Pensions

The Philippines branch operates a defined contribution scheme. The assets of the scheme are held separately in a trustee administered fund. Contributions to the fund are charged to the profit and loss account in the period to which the contributions relate. The charge for the period was £14,497 (2007 - £13,205). There was £Nil outstanding creditor balance in respect of the scheme as 31st December 2008 (2007: £Nil). No disclosure was made in 2007 with respect to the defined contribution scheme.

The Philippines branch also 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 projected unit method. The most recent valuation was at 31 December 2008. The main assumptions used in this valuation were that the rate of return on investments would be 5% per annum and the rate of increase in salaries would be 8% per annum.

The pension charge for the period was £97,000 (2007: charge of £42,000).

The Company accounts for pension arrangements in accordance with FRS17 'Retirement Benefits' and certain disclosures are required on the basis of the valuation methodology adopted by FRS 17. For the defined benefit scheme in the Philippines the fair values of pension scheme assets at 31st December 2008 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

	2008 % pa	2007 % pa	2006 % pa
Rate of increase of future earnings	8.0	8.0	8.0
Discount rate	12.0	8.3	8.3
Expected pension increases	-	-	-
Inflation assumption	8.0	6.0	6.0

The expected rate of return on assets and the fair values of the assets and liabilities of the Philippines defined benefit scheme at 31 December 2008 are as follows:

	Expected Rate of Return %	2008 £000	Expected Rate of Return %	2007 £000	Expected Rate of Return %	2006 £000
Cash in Bank	0%	8	0%	68	0%	33
Investments	9%	230	8%	835	8%	652
Land	4%	583	4%	465	4%	402
Total fair value of assets		821		1,368		1,087
Present value of scheme liabilities		(204)		(307)		(581)
Surplus in the scheme		617		1,061		506
Related deferred tax liability		(173)		(297)		(152)
Net pension asset		444		764		354

The following amounts were recorded in the profit and loss account and statement of recognised gains and losses for the year ended 31st December 2008:

Amounts charged to operating profit	2008 £000	2007 £000
Current service cost	93	62
Curtailment/Settlement	72	-
Total operating charge	165	62
Amounts credited/(charged) to net interest	2008 £000	2007 £000
Expected return on pension scheme assets	89	76
Interest on pension scheme liabilities	(21)	(56)
Net return	68	20
Amounts recorded in statement of total recognised gains and losses	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(646)	(2)
Experience (loss)/gain arising on the scheme liabilities	(88)	461
Changes in assumptions underlying the present value of scheme liabilities	81	30
Actuarial (loss) / gain recognised	(653)	489

# SmithKline Beecham Research Limited

## Notes to the Financial Statements for the year ended 31st December 2008 (continued)

### 16 Pensions (continued)

Movement in surplus during the year	2008 £000	2007 £000
Surplus in scheme at beginning of the year	1,061	506
Effect on retranslation of surplus at 2008 exchange rates	209	85
Movement in year:		
Total operating charge	(165)	(52)
Contributions	97	23
Other finance income	68	20
Actuarial (loss) / gain	(653)	489
Surplus in scheme at end of the year	617	1,061

History of experience gains and losses	2008 £000	2007 £000	2006 £000
Difference between the expected and actual return on scheme assets (£'000)	(646)	(2)	40
Percentage of scheme assets at 31st December	(79%)	(0%)	4%
Experience (loss) / gain on scheme liabilities (£'000)	(88)	461	(90)
Percentage of present value of scheme liabilities at 31st December	(43%)	150%	15%
Total amount recognised in statement of total recognised gains and losses (£'000)	(653)	489	50
Percentage of present value of scheme liabilities at 31st December	(320%)	159%	(9%)

### 17 Employees

Employee costs	2008 £000	2007 £000
Wages and salaries	1,229	981
Social security costs	21	19
Pension and other post retirement costs	97	42
	1,347	1,042

The average number of persons employed by the Company (including Directors) during the year	2008	2007
Manufacturing	100	102

All 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.

Employee costs contain wages and salaries of £384,325 and pension and other retirement costs of £71,952 relating to redundancy costs in the Philippines.

### 18 Directors' remuneration

The Corporate Directors of the Company received no remuneration in respect of their service to the Company (2007 - £nil).

### 19 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 FRS 1 'Cash Flow Statements' (Revised 1996) not to prepare a cash flow statement.

### 20 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 Section 228 of the Companies Act 1985.

## **SmithKline Beecham Research Limited**

### **Notes to the Financial Statements for the year ended 31st December 2008 (continued)**

#### **21 Ultimate parent undertaking**

GlaxoSmithKline plc, a company 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 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 plc.

#### **22 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 8 'Related Party Disclosures' not to disclose any related party transactions within the Group. There are no other related party transactions.