

SmithKline Beecham Research Limited
(Registered number: 229017)

Directors' report and financial statements

for the year ended 31st December 2011

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SmithKline Beecham Research Limited
Directors' report and financial statements
for the year ended 31st December 2011

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SmithKline Beecham Research Limited
(Registered number: 229017)

Directors' report for the year ended 31st December 2011

The Directors submit their report and the audited financial statements for the year ended 31st December 2011

Principal activities

The principal activity of SmithKline Beecham Research Limited ("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 profit for the financial year of £41,000 (2010 loss of £399,000) 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 £41,000 will be transferred to reserves (2010 loss for the financial year of £399,000 transferred from reserves)

Principal risks and uncertainties

The Directors of GlaxoSmithKline plc manage the risks of 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 2011 Annual Report which does not form part of this report

Key performance indicators (KPIs)

The Directors of GlaxoSmithKline plc 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 2011 Annual Report 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 2011 (2010 £nil)

Branches

Smithkline Beecham Research Limited - Philippines branch

Directors

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

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited
Paul Blackburn

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 their duties

SmithKline Beecham Research Limited
(Registered number: 229017)

Directors' report for the year ended 31st December 2011

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year.

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.

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

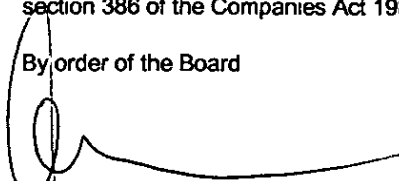
Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company GlaxoSmithKline plc. The Directors have received confirmation that GlaxoSmithKline plc intend to support the Company for at least one year after these financial statements are signed. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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.

By order of the Board



P Williamson

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Company Secretary
30th May 2012

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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2 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). 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.

Scope of the audit of the financial statements

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.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

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
30 May 2012

SmithKline Beecham Research Limited

**Profit and loss account
for the year ended 31st December 2011**

	Notes	2011 £000	2010 £000
Turnover	2	4,386	4,002
Cost of sales		(4,025)	(4,060)
Gross profit/(loss)		361	(58)
Administrative expenses		(3)	(8)
Other operating income/(expense)	3	208	(23)
Operating profit/ (loss)	4	566	(89)
Loss on sale of investments	4	-	(1)
Profit/(loss) before interest and taxation		566	(90)
Interest receivable and similar income	5	7	24
Interest payable and similar charges	6	(451)	(427)
Other finance costs	7	(26)	(23)
Profit/(loss) on ordinary activities before taxation		96	(516)
Tax on Profit/(loss) on ordinary activities	8	(55)	117
Profit/(loss) for the financial year		41	(399)

The results disclosed above relate entirely to continuing operations

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit for the financial year/(loss) stated above and their historical cost equivalents.

SmithKline Beecham Research Limited

**Statement of total recognised gains and losses
for the year ended 31st December 2011**

	2011 £000	2010 £000
Profit/(loss) for the financial year	41	(399)
Exchange movement on overseas net assets	44	2,017
Actuanaal (losses)/gains on pension schemes	(1,170)	268
Tax effect of actuanaal gains/(losses) on pension schemes	309	(75)
Total recognised (losses) and gains relating to the year	(776)	1,811

SmithKline Beecham Research Limited

**Balance sheet
as at 31st December 2011**

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	4,196	4,348
Investments	10	15,088	15,066
		19,284	19,414
Current assets			
Debtors	11	46,843	48,063
Investments	12	213	212
Cash at bank and in hand		3,668	2,669
		50,724	50,944
Creditors: amounts falling due within one year	13	(60,841)	(61,112)
Net current liabilities		(10,117)	(10,168)
Total assets less current liabilities		9,167	9,246
Provisions for liabilities	14	(231)	(358)
Net assets		8,936	8,888
Net pension asset	19	319	1,143
Net assets		9,255	10,031
Capital and reserves			
Called up share capital	15	1,616	1,616
Profit and loss account	16	7,639	8,415
Total shareholders' funds	17	9,255	10,031

The financial statements on pages 4 to 16 were approved by the Board of Directors on 30th May 2012 and were signed on its behalf by

D Davies

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

SmithKline Beecham Research Limited

Notes to the financial statements for the year ended 31st December 2011

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, based on the support from GlaxoSmithKline Plc, under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 2006 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, or at the forward rate if hedged by a forward foreign exchange contract. Foreign currency monetary 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 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. 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) Turnover

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 turnover.

(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) Dividends paid and received

Interim dividends paid and received are included in the profit and loss account in the year in which the related dividend is actually paid or received. Final dividends are recorded in the profit and loss account upon shareholder approval.

(f) 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.

(g) Tangible fixed assets

Tangible fixed assets are stated at historic purchase 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

Depreciation on assets in construction does not commence until the asset has been completed and is available for use.

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.

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Notes to the financial statements for the year ended 31st December 2011

(h) 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.

(i) Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged against profit in the year concerned. Impairment is determined by reference to the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Any provision for impairment is charged to the profit and loss account.

(j) Leases

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

(k) Taxation

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively 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 recognised as recoverable and therefore only recognised when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying timing differences can be deducted. 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.

(l) Current asset investments

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

In the case of debt 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.

2 Segmental information

The Company's turnover was derived from the Pharmaceuticals business with customers located in the Philippines.

3 Other operating income/(expense)

	2011 £000	2010 £000
Third party royalties and other expense	208	(23)

4 Operating Profit/(loss)

	2011 £000	2010 £000
The following items have been charged/(credited) in operating Profit/(loss)		
Depreciation of tangible fixed assets		
Owned assets	712	675
Profit on disposal of fixed assets	(10)	(1)
Exchange (gains)/ losses on foreign currency transactions	(10)	8
Operating lease rentals		
Land and buildings	63	55
Plant, equipment and vehicles	60	29
Management fee	11	11
Audit fees		
Auditors' overseas firm	16	11

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

The auditors' remuneration of £7,860 (2010: £7,631) has been borne by GlaxoSmithKline Export Limited.

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Notes to the financial statements for the year ended 31st December 2011

5 Interest receivable and similar income

	2011 £000	2010 £000
Other interest income	7	24

6 Interest payable and similar charges

	2011 £000	2010 £000
On loans with Group undertakings	(451)	(427)

7 Other finance costs

	2011 £000	2010 £000
Finance costs on pension schemes	(26)	(23)

8 Tax on Profit/(loss) on ordinary activities

	2011 £000	2010 £000
Tax charge based on profits for the financial year		
Current tax		
UK corporation tax at 26.5% (2010: 28%)	213	(6)
Overseas tax	212	120
Double tax relief	(229)	-
Over provision in previous years	(7)	(107)
Total current tax	189	7
Deferred tax		
Origination and reversal of timing differences	(36)	(25)
Adjustments in respect of previous years	(40)	(70)
Change in tax rate - impact on deferred tax	(58)	(29)
Total deferred tax	(134)	(124)
Tax on Profit/(loss) on ordinary activities	55	(117)

The tax assessed for the year is higher (2010: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010: 28%). The differences are explained below:

	2011 £000	2010 £000
Reconciliation of current tax charge		
Profit/(loss) on ordinary activities at the UK statutory rate 26.5% (2010: 28%)	25	(144)
Effects of:		
Overseas tax	212	120
Double tax relief	(229)	-
Permanent disallowable - interest treated as paid by ultimate parent	102	98
Other permanent differences	81	15
Adjustments to tax charge in respect of previous years	(7)	(107)
Capital allowances in excess of depreciation	14	30
Other timing differences	(9)	(5)
Current tax charge for the year	189	7

The main rate of UK corporation tax reduced from 28% to 26% with effect from 1 April 2011. Legislation to further reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011. These tax changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively, and hence the effect of the changes on the deferred tax balances has been included in the figures above.

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and the effect of the change would create an additional reduction in the deferred tax liability at 31 December 2011 of approximately £9k. This has not been reflected in the figures above as the rate change was not substantively enacted at the balance sheet date.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 per cent by 1 April 2014. These changes have not yet been substantively enacted and are not reflected in the figures above. The effect of the further reductions from 24 per cent to 22 per cent, if these applied to the deferred tax balance at 31 December 2011, would be to further reduce the deferred tax liability by approximately £18k.

SmithKline Beecham Research Limited

Notes to the financial statements for the year ended 31st December 2011

9 Tangible assets

	Land and buildings	Plant, equipment and motor vehicles	Total
	£000	£000	£000
Cost			
At 1st January 2011	1,942	7,738	9,680
Additions	-	796	796
Disposals	(27)	(432)	(459)
Assets written off	(36)	(498)	(534)
Exchange movement	2	8	10
At 31st December 2011	1,881	7,612	9,493
Accumulated depreciation			
At 1st January 2011	(911)	(4,421)	(5,332)
Provision for the year	(66)	(646)	(712)
Disposals	9	450	459
Assets written off	15	278	293
Exchange movement	(2)	(3)	(5)
At 31st December 2011	(955)	(4,342)	(5,297)
Total depreciation and impairment at 31st December 2011	(955)	(4,342)	(5,297)
Net book value at 1st January 2011	1,031	3,317	4,348
Net book value at 31st December 2011	926	3,270	4,196

10 Fixed asset investments

	Subsidiary undertaking Shares at cost £000
Cost	
At 1st January 2011	15,066
Exchange adjustments	22
At 31st December 2011	15,088
Carrying value at 1st January 2011	15,066
Carrying value at 31st December 2011	15,088

Details of the principal subsidiary undertakings of the Company as at 31st December 2011 are given in Note 26

The Directors believe that the carrying value of the investments is supported by their underlying net assets

11 Debtors

	2011 £000	2010 £000
Amounts due within one year		
Amounts owed by Group undertakings	46,107	47,281
Other debtors	736	757
Tax	-	25
	46,843	48,063

SmithKline Beecham Research Limited
Notes to the financial statements for the year ended 31st December 2011

12 Current asset investments	2011
	£000
Cost	
At 1st January 2011	212
Exchange adjustments	1
At 31st December 2011	213
Carrying value at 1st January 2011	212
Carrying value at 31st December 2011	213

Current asset investments comprise entirely of unlisted investments of £213,000 (2010 £212,000)

The Directors believe that the carrying value of the investments is supported by their underlying net assets

13 Creditors	2011	2010
	£000	£000
Amounts falling due within one year		
Trade creditors	152	370
Amounts owed to Group undertakings	59,771	59,358
Tax	133	-
Other creditors	785	1,384
	60,841	61,112

The taxation creditor is net of a £16,000 debtor which will be recovered by way of payments from fellow group companies. Amounts owed to Group undertakings are unsecured and are repayable on demand.

14 Deferred tax liability	2011	2010
	£000	£000
Accelerated capital allowances	231	358
Deferred tax liability		Total
		£000
At 1st January 2011		358
Credit to profit and loss account		(61)
Exchange movements		1
Prior year credit		(40)
Change in UK Corporation Tax rate		(27)
At 31st December 2011		231

SmithKline Beecham Research Limited

Notes to the financial statements for the year ended 31st December 2011

15 Called up share capital

	2011 Number of shares	2010 Number of shares	2011 £000	2010 £000
Authorised				
Ordinary Shares of 25p each (2010 25p each)	8,000,000	8,000,000	2,000	2,000
Issued and fully paid				
Ordinary Shares of 25p each (2010 25p each)	6,462,400	6,462,400	1,616	1,616

16 Reserves

	Profit & loss account £000
At 1st January 2011	8,415
Profit for the financial year	41
Exchange movements	44
Actuarial losses on pension schemes	(1,170)
Deferred tax on pension asset movement	309
At 31st December 2011	7,639

17 Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Profit/(Loss) for the financial year	41	(399)
Exchange movement on overseas net assets	44	2,017
Actuarial (losses)/gains on pension schemes	(1,170)	268
Tax effect of actuarial losses on pension schemes	309	(75)
Net (deduction)/addition to shareholders' funds	(776)	1,811
Opening shareholders' funds	10,031	8,220
Closing shareholders' funds	9,255	10,031

18 Commitments

At 31 December 2011, the Company had annual commitments under non-cancellable operating leases expiring as follows

	2011 £000	2010 £000
Operating leases on land and buildings which expire		
In one year or less	60	55
Between one and five years	3	-
	63	55
Operating leases on plant, equipment and vehicles which expire		
In one year or less	3	6
Between one and five years	72	-
	75	6

SmithKline Beecham Research Limited

Notes to the financial statements for the year ended 31st December 2011

19 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 £43,286 (2010 - £52,000). There was £nil outstanding creditor balance in respect of the scheme as 31st December 2011 (2010 - £nil).

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 2011. The main assumptions used in this valuation were that the rate of return on investments would be 5.25% per annum and the rate of increase in salaries would be 6% per annum.

The total amount credited to the profit and loss statement during the period was £27,000 (2010 - credit of £18,000).

The Company accounts for pension arrangements in accordance with FRS17 'Retirement benefits'. Certain disclosures are required on the basis of the valuation methodology adopted by FRS 17 'Retirement benefits'. For defined benefit schemes the fair values of pension scheme assets at 31 December 2011 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

Principal financial assumptions

	2011 % pa	2010 % pa	2009 % pa
Rate of increase of future earnings	6.0	6.0	6.0
Discount rate	6.8	10.0	9.0
Expected pension increases	-	-	-
Inflation rate	6.0	6.0	6.0

Mortality assumptions

The mortality assumptions are based on 1983 Group Annuity Tables.

The expected long-term rates of return on the assets determined based on actuarial advice and the fair values of the assets and liabilities of the defined benefit schemes are as follows:

	Expected Rate of Return %	2011 £000	Expected Rate of Return %	2010 £000	Expected Rate of Return %	2009 £000
Cash in Bank	0%	12	0%	18	0%	-
Investments	6.5%	726	6.5%	1,296	9%	833
Land	4%	492	4%	511	4%	562
Fair value of assets		1,230		1,825		1,395
Present value of scheme obligations		(804)		(259)		(230)
Surplus in the scheme		426		1,566		1,165
Deferred tax liability		(107)		(423)		(326)
Net pension surplus		319		1,143		839

The actual return on scheme assets was £579,572 (2010 - credit of £248,000).

The following amounts were recorded in the profit and loss account and statement of recognised gains and losses for the year ended 31st December 2011:

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Notes to the financial statements for the year ended 31st December 2011

Amounts charged to operating profit	2011 £000	2010 £000
Current service cost	43	51
Total	43	51
Amounts credited/(charged) to net interest	2011 £000	2010 £000
Expected return on pension scheme assets	96	92
Interest on pension scheme liabilities	(26)	(23)
Total	70	69
Amounts recorded in statement of total recognised gains and losses	2011 £000	2010 £000
Actual return less expected return on pension scheme assets	(680)	296
Experience loss arising on the scheme liabilities	(638)	(47)
Changes in assumptions underlying the present value of scheme liabilities	148	19
Actuarial gains/(losses) recognised	(1,170)	268
The cumulative actuarial loss recorded in the statement of recognised gains and losses amounted to £484,000 (2010 - gains of £686,000)		
Changes to the present value of the defined obligation are as follows	2011 £000	2010 £000
Obligation in scheme at beginning of the year	259	230
Effect on retranslation of surplus at 2011 and 2010 exchange rates	-	23
Movement in year		
Charged to operating profit	43	51
Benefits paid	(14)	(97)
Interest cost	26	23
Actuarial loss recognised in statement of total recognised gains and losses	490	29
Obligation in scheme at end of the year	804	259
Changes to the fair value of plan assets during the year are as follows	2011 £000	2010 £000
Assets in scheme at beginning of the year	1,825	1,395
Effect on retranslation of surplus at 2011 and 2010 exchange rates	3	139
Movement in year		
Expected return on plan assets	96	92
Benefits paid	(14)	(97)
Actuarial gains/(losses) recognised in statement of total recognised gains and losses	(680)	296
Assets in scheme at end of the year	1,230	1,825

SmithKline Beecham Research Limited

Notes to the financial statements for the year ended 31st December 2011

	2011 £000	2010 £000	2009 £000
History of experience adjustments			
Experience adjustments on scheme assets	824	296	597
Percentage of scheme assets at 31st December	67%	16%	43%
Experience adjustments on scheme liabilities	(638)	(47)	37
Percentage of present value of scheme liabilities at 31st December	(79%)	(18%)	16%
Total amount recognised in statement of total recognised gains and	(1,170)	268	601
Percentage of present value of scheme liabilities at 31st December	(146%)	103%	261%

	2008 £000	2007 £000
History of experience adjustments		
Experience adjustments on scheme assets	(646)	(2)
Percentage of scheme assets at 31st December	(79%)	0%
Experience adjustments on scheme liabilities	(88)	461
Percentage of present value of scheme liabilities at 31st December	43%	(150%)
Total amount recognised in statement of total recognised gains and	(653)	489
Percentage of present value of scheme liabilities at 31st December	320%	(159%)

20 Employees

All personnel 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.

	2011 £000	2010 £000
Employee costs		
Wages and salaries	1,365	1,527
Social security costs	4	4
Pension and other post retirement costs	9	(48)
	1,378	1,483

The average number of persons employed by the Company (including Directors) during the year	2011 number	2010 number
Manufacturing	109	110

All personnel 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.

21 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 (2010: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2010: £nil).

SmithKline Beecham Research Limited

Notes to the financial statements for the year ended 31st December 2011

22 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking, which are publicly available. 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.

23 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 400 of the Companies Act 2006.

24 Ultimate parent undertaking

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.

25 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.

26 Principal subsidiary and associated undertakings

The principal subsidiary and associated undertakings of the Company as at 31st December 2011 are as follows:

Company	Percentage shares held	Class of shares held	Country of incorporation
GlaxoSmithKline Philippines Inc	23.2658%	Ordinary	Philippines