

**GLAXO INVESTMENTS (U.K.) LIMITED**

**Annual Report and Accounts**

**Twelve months to 31 December 1997**

**Company registered in Bermuda: No EC14587**

**Overseas Company registered as a branch:**

**Company No: FC018209**

**Branch No: BR002669**



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**Glaxo Investments (U.K.) Limited**

**Annual Report and Accounts**  
**for the twelve months ended 31 December 1997**

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**Glaxo Investments (U.K) Limited**  
**Report of the Directors**  
**for the year ended 31 December 1997**

The Directors of Glaxo Investment (UK) Limited present their Report for the 12 month period ended 31 December 1997. The Company is incorporated in Bermuda but the Company's management and business is located in the United Kingdom. The Company is registered under schedule 21A to the Companies Act 1985 and is based at Glaxo Wellcome House, Berkeley Avenue, Greenford, Middlesex UB6 0NN (Branch No. BR 002669).

**1. Activities and Business Review**

The Company borrows surplus funds from operating companies within the Glaxo Wellcome Group and invests these funds by lending to other companies within the Group.

The Directors are of the opinion that the current level of activity and the period end financial position are satisfactory and will be sustained for the foreseeable future.

**2. Dividends**

The Directors do not recommend the payment of a dividend.

**3. Directors**

The following served as Directors of the Company throughout the 12 month period ended 31 December 1997:

Mr J D Coombe	-	(President and Chairman)
Mr R Emerson	-	(Vice President)
Mr C F A Cooper		
Mr R W O Edge		
Mr E J Thompson		

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.

Save as disclosed, no arrangements to which the Company was a party subsisted at the end of the year, or at any time during the year, which would enable the Directors or their families to acquire benefits by means of acquisition of shares or debentures of the Company or any other body corporate.

**Glaxo Investments (U.K) Limited**  
**Report of the Directors**  
**for the year ended 31 December 1997**

The Directors and their families have no notifiable interest in the shares of the Company, any subsidiary undertaking or the immediate parent undertaking, Glaxo Group Limited. The Directors' interests in the shares of the ultimate parent undertaking, Glaxo Wellcome plc, are as follows:

	Ordinary shares of 25p each		Options to Purchase Ordinary Shares of 25p each			
	1.1.97	31.12.97	1.1.97	Granted	Exercised	31.12.97
R Emerson <sup>1</sup>	-	2,780 <sup>2</sup>	42,173	-	-	42,173
R W O Edge	-	-	10,960	3,996	-	14,956
C F A Cooper	-	-	-	-	-	-
E J Thompson	-	-	-	-	-	-

<sup>1</sup> Mr R Emerson's opening interests as disclosed above exclude 24,053 shares awarded on 22 March 1996 in accordance with the Company's Long Term Incentive Plan. Excluded from Mr Emerson's closing interests are 24,053 shares awarded on 22 March 1996 and 19,220 shares awarded on 27 March 1997 in accordance with the Company's Long Term Incentive Plan; also excluded are 4,166 shares awarded on 27 March 1997 in accordance with the Company's Annual Incentive Plan. The latter total consists of 1,415 shares as the Basic Award and 2,751 shares as the Matching Award.

<sup>2</sup> The 2,780 shares held within the Company's Annual Incentive Plan are beneficially owned by Mr Emerson.

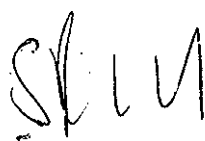
Details of the above-mentioned schemes are disclosed in the accounts of the ultimate parent undertaking, Glaxo Wellcome plc.

Mr J D Coombe is a Director of the ultimate parent undertaking and his notifiable interests are disclosed in the accounts of that Company.

#### 4. Auditors

Resolutions to re-appoint as auditors, Coopers & Lybrand and to authorise Directors to fix the remuneration of the auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Date: 22.4.98

Secretary

#### Registered Office:

Clarendon House  
 2 Church Street  
 Hamilton HM11  
 Bermuda

#### Branch Registration

Glaxo Wellcome House  
 Berkeley Avenue  
 Greenford  
 Middlesex UB6 0NN

## Glaxo Investments (U.K.) Limited

### Directors' Statement of Responsibility

Company law requires the Directors to prepare accounts for each financial year which 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. The Directors confirm that in the preparation of the accounts

- suitable accounting policies have been consistently applied
- reasonable and prudent judgement and estimates have been used as necessary
- applicable accounting standards have been followed, and that
- the accounts have been prepared on the going concern basis.

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

By order of the board



Director

Date: 21.4.98

**Glaxo Investments (U.K.) Limited**

**Report by the Auditors to the members of Glaxo Investments (U.K.) Limited**

We have audited the Accounts on pages 5 to 10.

**Respective Responsibilities of Directors and Auditors**

As described on page 3, the Directors of the Company are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

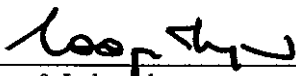
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st December 1997 and of the profit and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

Date:

1 May 1998

**Glaxo Investments (U.K.) Limited****Profit and Loss Account****For the year ended 31 December 1997**

	Notes	1997 £'000	1996 £'000
Operating charges	4	(11,837)	(73)
Interest and investment income receivable	5	75,027	31,146
Interest payable	6	(61,979)	(29,510)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,211	1,563
Taxation	7	(446)	(516)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		765	1,047
Retained loss brought forward		(38,334)	(39,381)
		<hr/>	<hr/>
Retained loss carried forward		(37,569)	(38,334)
		<hr/>	<hr/>

All items dealt with in arriving at operating profit for both 1997 and 1996 relate to continuing activities.

The Company has no recognised gains or losses other than those shown in the profit and loss account.

# Glaxo Investments (U.K.) Limited

## Balance Sheet

		As at 31 December 1997 £'000	As at 31 December 1996 £'000
	Notes		
Current Assets			
Debtors	8	1,427,392	896,703
Cash at bank		74	122
		<hr/>	<hr/>
		1,427,466	896,825
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	9	(1,390,027)	(860,151)
		<hr/>	<hr/>
Net current assets		37,439	36,674
		<hr/>	<hr/>
Net assets		37,439	36,674
		<hr/>	<hr/>
Capital and reserves			
Share capital	11	8	8
Profit and loss account		(37,569)	(38,334)
Capital contribution		75,000	75,000
		<hr/>	<hr/>
Equity shareholders' funds	12	37,439	36,674
		<hr/>	<hr/>

21.4.98

The financial statements on pages 5 to 10 were approved by the Board of Directors on [and were signed on its behalf by:



Director



# **Glaxo Investments (U.K.) Limited**

## **Notes to the Accounts** **for the twelve months ended 31 December 1997**

### **1. Ultimate Parent Undertaking**

The ultimate parent undertaking of Glaxo Investments (U.K.) Limited is Glaxo Wellcome plc which is incorporated in Great Britain, and registered in England and Wales. Copies of the consolidated accounts of Glaxo Wellcome plc can be obtained from Glaxo Wellcome plc, G W House, Berkeley Avenue, Greenford, Middlesex, UB6 ONN.

### **2. Accounting Policies and Definitions**

#### *Accounting Convention*

The accounts have been prepared using the historical cost convention and comply with all applicable UK accounting standards.

#### *Deferred Taxation*

Deferred taxation is calculated using the liability method. Taxation deferred or accelerated by reason of material timing differences is accounted for to the extent that it is probable that liabilities or assets will crystallise. Advance corporation tax is carried forward to the extent that it is expected to be recovered.

#### *Foreign Currencies*

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All exchange differences are taken to the profit and loss account.

#### *Cash Flow Statement*

The Company is a wholly owned subsidiary undertaking of Glaxo Wellcome plc and the cash flows of the Company are included in the consolidated cash flow statement of Glaxo Wellcome plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

### **3. Remuneration of Directors and Employees**

During the year, the Directors of the company were remunerated as executives of the ultimate parent undertaking and, where applicable, their remuneration is disclosed in the accounts of that company. They received no emoluments in respect of their service to the Company (1996:- £Nil).

No employee costs have been charged in the accounts as the Company had no employees during the year (1996:- £Nil).

# Glaxo Investments (U.K.) Limited

## Notes to the Accounts

for the twelve months ended 31 December 1997

### 4. Operating charges

12 Months To  
31-Dec  
1997  
£'000

12 Months To  
31-Dec  
1996  
£'000

Operating charges are stated after charging:

Auditors remuneration which relates solely to the audit

7

8

### 5. Interest and Investment Income Receivable

On loans to parent undertaking

75,027

31,146

### 6. Interest Payable

Discount on commercial paper issued to fellow subsidiary undertakings

61,979

29,510

### 7. Taxation

On profits for the year:

UK corporation tax @ 31.5% (1996 - 33%)

Current taxation

434

2,168

Deferred taxation

12

(1,652)

446

516

# Glaxo Investments (U.K.) Limited

## Notes to the Accounts

for the twelve months ended 31 December 1997

8. <u>Debtors</u>	As at 31 December 1997 £'000	As at 31 December 1996 £'000
Amounts owed by parent undertaking	1,426,351	895,650
Deffered taxation (See Note 10)	1,041	1,053
	<hr/>	<hr/>
	1,427,392	896,703
	<hr/>	<hr/>

9. <u>Creditors</u>	As at 31 December 1997 £'000	As at 31 December 1996 £'000
Amounts owed to fellow subsidiary undertakings	1,385,602	820,621
Current taxation	1,654	2,342
Other creditors	2,771	37,188
	<hr/>	<hr/>
Total Creditors	1,390,027	860,151
	<hr/>	<hr/>

10. <u>Movement in Deffered Taxation</u>	£'000
Balance at 1 January 1997	1,053
Profit and loss account	(12)
	<hr/>
Balance at 31 December 1997	1,041
	<hr/>

# Glaxo Investments (U.K.) Limited

## Notes to the Accounts

for the twelve months ended 31 December 1997

### 11. Share Capital

	As at 31 December 1997 £'000	As at 31 December 1996 £'000
<i>Authorised:</i>		
8,000 ordinary shares of £1 per share	8	8
<i>Allotted and fully paid:</i>		
8,000 ordinary shares of £1 per share	8	8

### 12. Reconciliation of Movements in Equity Shareholders' Funds

	As at 31 December 1997 £'000	As at 31 December 1996 £'000
Equity Shareholders' Funds at 1 January 1997	36,674	35,627
Profit on ordinary activities after taxation	765	1,047
Equity Shareholders' Funds at 31 December 1997	37,439	36,674

### 13. Related Party Transactions

As a wholly owned subsidiary, the company is taking exemptions allowed under the terms of Financial Reporting Standard No. 8 not to disclose material transactions with entities that are part of the group or investees in the group qualifying as related parties.