

SmithKline Beecham (SWG) Limited
(Registered Number 190223)

Annual Report and Financial Statements

For the Year Ended 31st December 2002

Registered office address:

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Brentford
Middlesex
TW8 9GS



SmithKline Beecham (SWG) Limited
Annual Report and Financial Statements
For the Year Ended 31st December 2002

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SmithKline Beecham (SWG) Limited

Directors' Report for the Year Ended 31st December 2002

The Directors submit their report and the audited financial statements for the year ended 31st December 2002.

Principal activities

The Company's principal activity during the year was marketing, selling and distribution of consumer healthcare medicines through an agency agreement with its immediate parent undertaking, SmithKline Beecham plc. The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a profit on ordinary activities after taxation of £8,228,000 (2001 - £9,452,000). The Directors are of the opinion that the current level of activity, and the year end financial position is satisfactory and will remain so in the foreseeable future.

The retained profit for the year of £8,228,000 will be transferred to reserves (2001 - £9,452,000).

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 2002 (2001 - £nil).

Change in Company Secretary

Mrs K J Bryant resigned as Company Secretary on 18th January 2002 and was replaced by Edinburgh Pharmaceutical Industries Limited.

Directors and their interests

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

Glaxo Group Limited
Edinburgh Pharmaceutical Industries 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.

Where the Directors have beneficial interests in the shares of other group companies, these are held as investments and arise in the ordinary course of business. None of the Directors have beneficial interests in the shares of GlaxoSmithKline plc.

SmithKline Beecham (SWG) Limited

Directors' Report for the Year Ended 31st December 2002

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

Following conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1st January 2003, PricewaterhouseCoopers resigned on 6th February 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP to the Company will be proposed at the Company's Annual General Meeting.

By order of the Board



L Nuttall

For and on behalf of Edinburgh Pharmaceutical Industries Limited
Secretary

10th June 2003

SmithKline Beecham (SWG) Limited

Independent auditors' report to the members of SmithKline Beecham (SWG) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
10 June 2003

SmithKline Beecham (SWG) Limited

**Profit and Loss Account
For the Year Ended 31st December 2002**

	Notes	2002 £'000	2001 £'000
Turnover		30,909	29,853
Cost of sales		(11,270)	(10,378)
Gross profit		19,639	19,475
Distribution costs		(2,012)	(2,001)
Administrative expenses		(9,322)	(9,181)
Trading profit		8,305	8,293
Other operating income	2	-	31
Operating profit	3	8,305	8,324
Net interest receivable	4	4,208	4,918
Profit on ordinary activities before taxation		12,513	13,242
Taxation	5	(4,285)	(3,790)
Retained profit	10	8,228	9,452

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 Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

The notes on pages 6-10 form part of these financial statements

SmithKline Beecham (SWG) Limited

Balance Sheet

As at 31st December 2002

	Notes	2002 £'000	2001 £'000
Fixed Assets	6	-	-
Debtors	7	114,554	105,936
Cash at bank		10,470	5,885
Current assets		125,024	111,821
Creditors: amounts due within one year	8	(22,883)	(17,908)
Net current assets		102,141	93,913
Total assets less current liabilities		102,141	93,913
Capital and reserves			
Called up share capital	9	5,000	5,000
Profit and loss account	10	97,141	88,913
Equity shareholders' funds	11	102,141	93,913

The accounts on pages 4-10 were approved by the Board of Directors on 10th June 2003 and were signed on its behalf by:



L Nuttall

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 6-10 form part of these financial statements

SmithKline Beecham (SWG) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

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 are prepared under the historical cost convention, and comply with all applicable UK accounting standards.

(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.

(c) Revenue

Revenue is recognised in the profit and loss account when goods 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. Distribution on inter-company shipments are charged to cost of sales; distribution costs on sales to customers are included in selling, general and administrative expenditure. 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.

2 Other operating income

	2002 £'000	2001 £'000
Other operating income	-	31
	-	31

3 Operating profit

	2002 £'000	2001 £'000
The following items have been charged in operating profit		
Net exchange gains on foreign currency transactions	3	(23)

SmithKline Beecham (SWG) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

4 Net interest receivable

	2002 £'000	2001 £'000
Investment income		
Interest income on bank deposits	472	277
On loans with group undertakings	3,736	4,641
	4,208	4,918

5 Taxation

	2002 £'000	2001 £'000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2001: 30%)	3,754	3,972
Prior year over provision	531	(182)
	4,285	3,790

There are no items required to reconcile the tax rate to 30% other than those shown above.

6 Investments held as fixed assets

£'000

At 1st January 2002 and 31st December 2002

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Details of the principal subsidiary undertakings, participating interests and joint ventures of the Company as at 31st December 2002 are given in Note 20.

7 Debtors

	2002 £'000	2001 £'000
Amounts due within one year		
Amounts owed by group undertakings	113,973	105,636
Other debtors	358	77
	114,331	105,713
Amount due after one year		
Other debtors	223	223
	114,554	105,936

SmithKline Beecham (SWG) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

8 Other creditors

	2002	2001
	£'000	£'000
Amounts due within one year		
Amounts owed to group undertakings	15,683	4,470
Taxation	3,757	12,859
Other creditors	-	579
Accruals and deferred income	3,443	-
	22,883	17,908

9 Called up share capital - equity interests

	2002	2001	2002	2001
	Number of	Number of	£'000	£'000
	shares	shares		
Authorised				
Ordinary Shares of £1 each	5,000,000	5,000,000	5,000	5,000
Issued and fully paid				
Ordinary Shares of £1 each	5,000,000	5,000,000	5,000	5,000

10 Reserves - equity interests

	Profit & Loss
	Account
	£'000
At 1st January 2002	88,913
Profit retained	8,228
At 31st December 2002	97,141

11 Reconciliation of movement in shareholders' funds

	2002	2001
	£'000	£'000
Profit for the financial year	8,228	9,452
Net addition to shareholders' funds	8,228	9,452
Opening shareholders' funds	93,913	84,461
Closing shareholders' funds – equity interests	102,141	93,913

SmithKline Beecham (SWG) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

12 Contingent liabilities/assets

The Company, together with fellow group undertakings has entered into a Group Banking Arrangement with the Company's principal bankers. The Bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the Bank of any other party to this agreement. The Company's maximum potential liability is limited to the amount held on its account with the Bank. No loss is expected to accrue to the Company from the agreement.

13 Employees

There are no employees of the Company as all personnel are employed by other group companies.

14 Directors' Remuneration

Corporate Directors received no remuneration during the year, either as executives of the GlaxoSmithKline group or in respect of their services to the Company (2001 -£nil).

15 Auditors' Remuneration

The auditors' remuneration has been borne by the GlaxoSmithKline Group.

16 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking. The Company has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

17 Group accounts

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group accounts under s.228 of the Companies Act 1985.

18 Ultimate parent undertaking

GlaxoSmithKline plc, a public limited company registered in England and Wales, is the Company's ultimate parent undertaking. The largest and smallest group of undertakings for which group accounts are prepared and which include the results of the Company, are the consolidated accounts 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.

19 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.

SmithKline Beecham (SWG) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

20 Principal Subsidiaries

The principal subsidiaries of the Company as at 31st December 2002 are as follows:

Company	Percentage shares held	Class of shares held	Country of Incorporation
SmithKline Beecham (WI) Limited	100%	Ordinary	England & Wales

SmithKline Beecham (WI) did not trade during the year.