

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

**Directors' report and financial statements**

**for the year ended 31 December 2015**



**Registered office address:**  
980 Great West Road  
Brentford  
Middlesex  
TW8 9GS  
England

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

**Directors' report and financial statements**

**for the year ended 31 December 2015**

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**Beecham Group p.l.c.**  
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## **Strategic report for the year ended 31 December 2015**

The Directors present their Strategic report on the Company for the year ended 31 December 2015.

### **Principal activities and future developments**

Beecham Group p.l.c.'s (the "Company") principal activity is the holding of intercompany loans and receipt of interest. The Company had previously been an investment holding company. The Company is a member of the GlaxoSmithKline Group (the "Group"). The Directors do not envisage any change to the nature of the business in the foreseeable future.

### **Review of business**

The Company made a loss for the financial year of £19 million (2014: profit of £2 million). The Company undertook an exceptional impairment of a subsidiary investment of £21 million (see Exceptional items sub-section). The Directors are of the opinion that the current level of activity excluding the exceptional transaction and the year end financial position are sustainable and will remain so in the foreseeable future.

The loss for the year of £19 million will be transferred from reserves (2014: profit for the year of £2 million transferred to reserves).

### **Exceptional items**

The impairment relates to a write-down of the carrying value of the Company's investment in GlaxoSmithKline Consumer Healthcare Sdn. Bhd by £21 million to its fair value in March 2015. Following the write-down, the investment is held at £34 million.

Following the impairment, in March 2015 Beecham Group plc sold 99.99% of the ordinary shares in its subsidiary undertaking, GlaxoSmithKline Consumer Healthcare Sdn. Bhd. held at £34 million cost, to Setfirst Limited for £34 million resulting in a nil gain or loss on disposal.

### **Group restructuring**

On 2 March 2015, the Group completed a transaction with Novartis AG involving its Consumer Healthcare, Vaccines and Oncology businesses. As part of this transaction, the Group and Novartis have created a new Consumer Healthcare business over which the Group has control with an equity interest of 63.5%. In addition, the Group has acquired Novartis' global Vaccines business (excluding influenza vaccines) and divested its marketed Oncology portfolio, related R&D activities and also granted commercialisation partner rights for future oncology products to Novartis.

As part of the restructuring for the transaction, the Company sold 99.99% of the ordinary shares in its subsidiary undertaking, GlaxoSmithKline Consumer Healthcare Sdn. Bhd. held at £34 million cost, to Setfirst Limited for £34 million resulting in a nil gain or loss on disposal.

### **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 2015 Annual Report 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 2015 Annual Report which does not form part of this report.

### **First time adoption of FRS 100 and 101**

In the current year the Company has adopted Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). In previous years the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards.

By order of the Board



A Burns  
For and on behalf of Edinburgh Pharmaceutical Industries Limited  
Director  
22 June 2016

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

## **Directors' report for the year ended 31 December 2015**

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2015.

### **Results and dividends**

The Company's results for the financial year are shown in the Statement of comprehensive income on page 6.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31 December 2015 (2014: £nil).

### **Directors and their interests**

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:

Glaxo Group Limited	
Edinburgh Pharmaceutical Industries Limited	
Paul Blackburn	(Resigned 1 March 2016)
Adam Walker	(Appointed on 30 April 2015)

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.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Strategic report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 'Reduced disclosure framework' ("FRS 101") 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 period.

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;
- state whether applicable UK accounting standards including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

**Beecham Group p.l.c.**  
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**Directors' report for the year ended 31 December 2015**

**Statement of Directors' responsibilities (continued)**

The following items have been included in the Strategic report on page 1:

- principal activities and future developments;
- review of business; and
- principal risks and uncertainties.

**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.

**Independent Auditors**

PricewaterhouseCoopers LLP are willing to continue in office as auditors and resolutions dealing with their reappointment and remuneration will be proposed at a General Meeting of the Company.

By order of the Board



A Burns  
For and on behalf of Edinburgh Pharmaceutical Industries Limited.  
Director  
22 June 2016

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

**Independent auditors' report to the members of Beecham Group p.l.c.**

**Report on the financial statements**

*Our opinion*

In our opinion, Beecham Group p.l.c.'s financial statements, (the "financial statements"):

- give a true and fair view of the state of the Company's affairs at 31 December 2015 and of its loss 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.

*What we have audited*

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Other matters on which we are required to report by exception**

*Adequacy of accounting records and information and explanations received*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

*Directors' remuneration*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

**Independent auditors' report to the members of Beecham Group p.l.c.**

**Responsibilities for the financial statements and the audit**

*Our responsibilities and those of the Directors*

As explained more fully in the Directors' report, 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) ("ISAs (UK & 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.

*What an audit of financial statements involves*

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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  
22 June 2016

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

**Statement of comprehensive income**  
**for the year ended 31 December 2015**

	Notes	2015 £m	2014 £m
Other operating expenses	4	-	-
Exceptional item: Impairment of fixed asset investments	5	(21)	-
<b>Operating loss</b>		<b>(21)</b>	<b>-</b>
<b>(Loss) / profit before interest and taxation</b>		<b>(21)</b>	<b>-</b>
Finance income	7	2	2
<b>(Loss) / profit on ordinary activities before income tax</b>		<b>(19)</b>	<b>2</b>
Income tax expense on ordinary activities	8	-	-
<b>(Loss) / profit for the financial year</b>		<b>(19)</b>	<b>2</b>

The results disclosed above for both the current year and prior year relate entirely to continuing operations.

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

The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement of other comprehensive income has been presented.




**Beecham Group p.l.c.**  
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**Balance sheet**  
**as at 31 December 2015**

	Notes	2015 £m	2014 £m
<b>Fixed assets</b>			
Investments	9	-	55
<b>Current assets</b>			
Trade and other receivables	10	587	551
Creditors: amounts falling due within one year	11	(1)	(1)
<b>Net current assets</b>		<b>586</b>	<b>550</b>
<b>Total assets less current liabilities</b>		<b>586</b>	<b>605</b>
<b>Net assets</b>		<b>586</b>	<b>605</b>
<b>Capital and reserves</b>			
Called up share capital	12	191	191
Share premium account		22	22
Other reserves	13	316	316
Retained earnings		57	76
<b>Total shareholders' funds</b>		<b>586</b>	<b>605</b>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 22 June 2016 and were signed on its behalf by:



Alan Burns  
For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

**Beecham Group p.l.c.**  
**(Registered number: 00227531)**

**Statement of changes in equity**  
**for the year ended 31 December 2015**

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 January 2014	191	22	316	74	603
Profit and total comprehensive income for the year	-	-	-	2	2
At 31 December 2014	191	22	316	76	605
Loss and total comprehensive loss for the year	-	-	-	(19)	(19)
At 31 December 2015	191	22	316	57	586

**Beecham Group p.l.c.**  
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## **Notes to the financial statements for the year ended 31 December 2015**

### **1 Presentation of the financial statements**

#### **General information**

Beecham Group p.l.c. (the "Company") is an investment holding company.

The Company is a private company and is incorporated and domiciled in the UK (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS.

### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance with FRS 100 and FRS 101. The principal accounting policies adopted in the preparation of the financial statements are set out below.

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

#### ***First time application of FRS 100 and 101***

In the current year the company has adopted Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. Consequently the principal accounting policies are unchanged from the prior year. And in addition, there were no comparative figures that required changing as a result of FRS 101 "Reduced Disclosure Framework".

The change in basis of preparation has enabled the company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable accounting standards.

#### ***Disclosure exemptions adopted***

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial instruments: disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a) (iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);

**Notes to the financial statements for the year ended 31 December 2015**

**2 Summary of significant accounting policies (continued)**

**(a) Basis of preparation (continued)**

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements,
  - 16 (statement of compliance with all IFRS),
  - 38A (requirements for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third balance sheet),
  - 111 (cash flow statement information), and
  - 134 - 136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

The financial statements of GlaxoSmithKline plc can be obtained as described in note 2(b).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(b) Ultimate and immediate parent company**

The Company is a wholly owned subsidiary of the ultimate parent company. 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 Smith Kline & French Laboratories Limited. These financial statements are separate financial statements.

**(c) Exceptional items**

Exceptional items are items of income and expenditure which, in the opinion of the Directors, are material and unusual in nature or of such significance that they require separate disclosure on the face of Statement of comprehensive income.

**(d) Finance income and expense**

Finance income and expenses are recognised on an accruals basis using the effective interest method.

**(e) Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**(f) Impairment of non-financial assets**

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the Statement of comprehensive income in the year concerned.

Impairment losses on other non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

**Notes to the financial statements for the year ended 31 December 2015**

**(g) Taxation**

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

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**(h) Trade and other receivables**

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the Statement of comprehensive income.

Subsequent recoveries of amounts previously provided for are credited to the Statement of comprehensive income. Long-term receivables are discounted where the effect is material.

**3 Key accounting judgments and estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates. The following are considered to be the key accounting judgements and estimates made.

**(a) Taxation**

Current tax is provided at the amounts expected to be paid or refunded, and deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised, based on managements assumptions relating to the amounts and timing of future taxable profits.

**(b) Impairment of investments in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses. Annual impairment tests are carried out to ascertain if the carrying value of investments are impaired. These tests comprise a comparison between the carrying value of investment in subsidiary and the net asset value of the subsidiary. In some instances, valuations of subsidiary companies are prepared. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

**4 Operating loss**

	2015 £'000	2014 £'000
<b>The following item has been charged in operating loss:</b>		
Management fee	17	17

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditors' remuneration of £10,830 (2014: £10,515).

**Beecham Group p.l.c.**  
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**Notes to the financial statements for the year ended 31 December 2015**

**5 Exceptional items**

	2015 £m	2014 £m
Impairment of fixed asset investments	21	-

The impairment relates to a write-down of the carrying value of the Company's investment in GlaxoSmithKline Consumer Healthcare Sdn. Bhd by £21 million to its fair value in March 2015. Following the write-down, the investment is held at £34 million.

Following the impairment, in March 2015 Beecham Group plc sold 99.99% of the ordinary shares in its subsidiary undertaking, GlaxoSmithKline Consumer Healthcare Sdn. Bhd. held at £34 million cost, to Setfirst Limited for £34 million resulting in a nil gain or loss on disposal.

**6 Employees**

The Company has no 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 (see Note 4).

**7 Finance income**

	2015 £m	2014 £m
On loans with Group undertakings	2	2

**8 Taxation**

	2015 £m	2014 £m
<b>Income tax expense on ordinary activities</b>		
Current tax:		
UK corporation tax at 20.25% (2014: 21.49%)	-	-
Total current tax	-	-
Total tax result for the year	-	-

The tax assessed for the year is higher (2014: no difference) the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £m	2014 £m
<b>Reconciliation of total tax result</b>		
(Loss)/profit on ordinary activities before tax	(19)	2
(Loss)/profit on ordinary activities at the UK statutory rate 20.25% (2014: 21.49%)	(4)	-
Effects of:		
Expenses not deductible for tax purposes	4	-
Total tax result for the year	-	-

No deferred taxation has been recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

Factors that may effect future tax charges:

A reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was enacted in 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted as part of the Finance (No 2) Act 2015 on 26 October 2015. This will impact the Company's future current tax charge accordingly.

**Beecham Group p.l.c.**  
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**Notes to the financial statements for the year ended 31 December 2015**

**9 Investments**

	Subsidiary undertakings shares £m
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	55
Disposals	(55)
At 31 December 2015	-
<b>Accumulated impairment</b>	
At 1 January 2014 and 31 December 2014	-
Impairment charge for the year	(21)
Disposals	21
At 31 December 2015	-
Carrying value at 1 January 2014 and 31 December 2014	55
Carrying value at 31 December 2015	-

The impairment relates to a write-down of the carrying value of the Company's investment in GlaxoSmithKline Consumer Healthcare Sdn. Bhd by £21 million. Following the write-down, the investment is held at £34 million.

Following the impairment, in March 2015 Beecham Group plc sold 99.99% of the ordinary shares in its subsidiary undertaking, GlaxoSmithKline Consumer Healthcare Sdn. Bhd. held at £34 million cost, to Setfirst Limited for £34 million resulting in a nil gain or loss on disposal.

**10 Trade and other receivables**

	2015 £m	2014 £m
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	587	551

Amounts owed by Group undertakings are unsecured and repayable on demand.

**11 Creditors**

	2015 £m	2014 £m
<b>Amounts falling due within one year</b>		
Corporation tax	-	-
Amounts owed to Group undertakings	1	1
	1	1

The corporation tax creditor contains amounts which will be paid to fellow Group companies.

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

**Beecham Group p.l.c.**  
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**Notes to the financial statements for the year ended 31 December 2015**

**12 Share capital**

	2015 Number of shares	2014 Number of shares	2015 £m	2014 £m
<b>Authorised</b>				
Ordinary 'A' Shares of 20p each (2014: 20p each)	1,000,000,000	1,000,000,000	200	200
Ordinary 'B' Shares of 5p each (2014: 5p each)	1,000,000,000	1,000,000,000	50	50
			<b>250</b>	<b>250</b>
<b>Issued and fully paid</b>				
Ordinary 'A' Shares of 20p each (2014: 20p each)	763,242,055	763,242,055	153	153
Ordinary 'B' Shares of 5p each (2014: 5p each)	763,242,055	763,242,055	38	38
			<b>191</b>	<b>191</b>

**13 Other reserves**

	Other reserves £m	Total reserves £m
At 1 January 2014, 31 December 2014 and 31 December 2015	316	316

Other reserves include a £278 million transfer from share premium to non-distributable reserves in 1988.

**14 Contingent liabilities**

**Group banking arrangement**

The Company, together with fellow Group undertakings has entered into a Group banking arrangement with the Company's principal bank. 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 as at 31 December 2015 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

**15 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 (2014: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2014: £nil).

**16 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 101 'Reduced disclosure framework' not to disclose any related party transactions within the Group, or information around remuneration of key management personnel compensation. There are no other related party transactions.