

**Beecham Group p.l.c.**  
(Registered number: 227531)

**Directors' report and financial statements**

**for the year ended 31 December 2014**

TUESDAY



\*A44D0LJM\*

A14

31/03/2015

#11

COMPANIES HOUSE

**Registered office address:**

980 Great West Road  
Brentford  
Middlesex  
TW8 9GS  
England

**Beecham Group p.l.c.**

**Directors' report and financial statements**

**for the year ended 31 December 2014**

<b>Contents</b>	<b>Pages</b>
Strategic report	1
Directors' report	2-3
Independent auditors' report	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-11

**Beecham Group p.l.c.**  
**(Registered number: 227531)**

## **Strategic report for the year ended 31 December 2014**

The Directors submit their strategic report for the year ended 31 December 2014.

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

Beecham Group p.l.c. (the "Company") is 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 profit for the financial year of £2 million (2013: profit of £19 million). 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 year of £2 million will be transferred to reserves (2013: profit for the year of £19 million transferred to reserves).

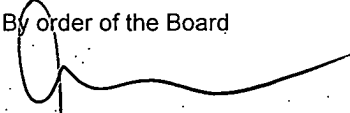
### **Principal risks and uncertainties**

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 2014 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 2014 Annual Report which does not form part of this report.

By order of the Board



Paul Williamson  
For and on behalf of Edinburgh Pharmaceutical Industries Limited  
Company Secretary  
25 March 2015

**Beecham Group p.l.c.**  
**(Registered number: 227531)**

## **Directors' report for the year ended 31 December 2014**

The Directors submit their report and the audited financial statements for the year ended 31 December 2014.

### **Results and dividends**

The Company's results for the financial year are shown in the profit and loss account on page 6.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31 December 2014 (2013: £nil).

### **Post balance sheet events**

On 2 March 2015, the Group completed a transaction with Novartis AG involving its Consumer Healthcare, Vaccines and Oncology businesses. As part of this proposed 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 rights to its AKT inhibitors and also granted commercialisation partner rights for future oncology products to Novartis.

As part of the transaction, certain Group companies will be involved in divestment or acquisition activities. This will not have any material impact on the financial statements of this Company.

### **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:

Glaxo Group Limited  
Edinburgh Pharmaceutical Industries 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.

**Beecham Group p.l.c.**  
**(Registered number: 227531)**

## **Directors' report for the year ended 31 December 2014**

### **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 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 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 have been followed, subject to any material departures disclosed and explained in 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.

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



Paul Williamson  
For and on behalf of Edinburgh Pharmaceutical Industries Limited  
Director  
25 March 2015

## **Beecham Group p.l.c.**

### **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 2014 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.

##### *What we have audited*

Beecham Group p.l.c.'s financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account 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 applicable law and United Kingdom Accounting Standards (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.**

### **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  
25 March 2015

**Beecham Group p.l.c.**

**Profit and loss account  
for the year ended 31 December 2014**

	Notes	2014 £m	2013 £m
Other operating expenses		-	-
<b>Operating result</b>	2	-	-
Income from shares in Group undertakings	3	-	17
Profit before interest and taxation		-	17
Interest receivable and similar income	4	2	2
<b>Profit on ordinary activities before taxation</b>		2	19
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	10	2	19

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 profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains or losses during either the current year or the prior year other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.



**Beecham Group p.l.c.**

**Balance sheet  
as at 31 December 2014**

	Notes	2014 £m	2013 £m
<b>Fixed assets</b>			
Investments	6	55	55
<b>Current assets</b>			
Debtors	7	551	550
<b>Creditors: amounts falling due within one year</b>	8	(1)	(2)
<b>Net current assets</b>		550	548
<b>Total assets less current liabilities</b>		605	603
<b>Net assets</b>		605	603
<b>Capital and reserves</b>			
Called up share capital	9	191	191
Share premium account	10	22	22
Other reserves	10	316	316
Profit and loss account	10	76	74
<b>Total shareholders' funds</b>	11	605	603

The financial statements on pages 6 to 11 were approved by the Board of Directors on 25 March 2015 and were signed on its behalf by:



A Burns

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

**Beecham Group p.l.c.**

**Notes to the financial statements for the year ended 31 December 2014**

**1 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

**(a) Basis of accounting**

These financial statements have been prepared on the going concern basis under the historical cost convention, the accounting policies set out below, which have been applied consistently, throughout the year, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards.

**(b) 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.

**(c) Fixed Asset investments**

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.

**(d) 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 to the profit and loss account. 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.

**(e) 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.

**(f) Interest**

Interest receivable and similar income is recognised on an accruals basis.

**2 Operating result**

	2014 £'000	2013 £'000
The following item has been charged in operating result:		
Management fee	17	16

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 £10,515 (2013: £10,208).

**3 Income from shares in Group undertakings**

	2014 £m	2013 £m
Dividends	-	17

Beecham Group p.l.c. received a dividend of £nil (2013: £17million) from GlaxoSmithKline Consumer Healthcare Sdn. Bhd Malaysia.

**4 Interest receivable and similar income**

	2014 £m	2013 £m
On loans with Group undertakings	2	2

**Beecham Group p.l.c.**

**Notes to the financial statements for the year ended 31 December 2014**

**5 Tax on profit on ordinary activities**

	2014 £m	2013 £m
Tax charge based on profits for the financial year		
Current tax:		
UK corporation tax at 21.49% (2013: 23.25%)	-	-
Total current tax charge	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the year is the same as (2013: lower) the standard rate of corporation tax in the UK for the year ended 31 December 2014 of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £m	2013 £m
Reconciliation of current tax charge		
Profit on ordinary activities at the UK statutory rate 21.49% (2013: 23.25%)	-	5
Effects of:		
Income not taxable	-	(5)
Current tax charge for the year	-	-

Factors that may effect future tax charges:

Reductions in the UK corporation tax rates from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted as part of the Finance Act 2013 on 2 July 2013. This will reduce the Company's future current tax charge accordingly.

No provision is required for deferred taxation.

**6 Fixed asset investments**

	Subsidiary undertakings Shares at cost £m
Cost and carrying value at 1 January 2014	55
Cost and carrying value at 31 December 2014	55

Details of the principal subsidiary undertakings of the Company as at 31 December 2014 are given in Note 19.

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

**7 Debtors**

	2014 £m	2013 £m
Amounts due within one year		
Amounts owed by Group undertakings	551	550
Amounts owed by Group undertakings are unsecured and repayable on demand.		

**8 Creditors**

	2014 £m	2013 £m
Amounts falling due within one year		
Corporation tax	-	-
Amounts owed to Group undertakings	1	2
	1	2

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.

## Notes to the financial statements for the year ended 31 December 2014

### 9 Called up share capital

	2014 Number of shares	2013 Number of shares	2014 £m	2013 £m
<b>Authorised</b>				
Ordinary 'A' Shares of 20p each (2013: 20p each)	1,000,000,000	1,000,000,000	200	200
Ordinary 'B' Shares of 5p each (2013: 5p each)	1,000,000,000	1,000,000,000	50	50
			250	250
<b>Issued and fully paid</b>				
Ordinary 'A' Shares of 20p each (2013: 20p each)	763,242,055	763,242,055	153	153
Ordinary 'B' Shares of 5p each (2013: 5p each)	763,242,055	763,242,055	38	38
			191	191

### 10 Reserves

	Profit and loss account £m	Share premium account £m	Other reserves £m	Total reserves £m
At 1 January 2014	74	22	316	412
Profit for the financial year	2	-	-	2
At 31 December 2014	76	22	316	414

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

### 11 Reconciliation of movements in shareholders' funds

	2014 £m	2013 £m
Profit for the financial year	2	19
Net addition to shareholders' funds	2	19
Opening shareholders' funds	603	584
Closing shareholders' funds	605	603

### 12 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 2014 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

### 13. 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 2).

### 14 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 (2013: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2013: £nil).

## Beecham Group p.l.c.

### Notes to the financial statements for the year ended 31 December 2014

#### 15 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.

#### 16 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.

#### 17 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 Smith Kline & French Laboratories Limited.

#### 18 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.

#### 19 Principal subsidiary

The principal subsidiary of the Company as at 31 December 2014 is as follows:

Company	Percentage shares held	Class of shares held	Country of incorporation
GlaxoSmithKline Consumer Healthcare Sdn. Bhd Malaysia	99.99%	Ordinary	Malaysia

The main activity of GlaxoSmithKline Consumer Healthcare Sdn. Bhd Malaysia is the supply and distribution of over the counter medicines, nutritional healthcare and oral healthcare products.

#### 20 Post balance sheet events

On 2 March 2015, the Group completed a transaction with Novartis AG involving its Consumer Healthcare, Vaccines and Oncology businesses. As part of this proposed 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 rights to its AKT inhibitors and also granted commercialisation partner rights for future oncology products to Novartis.

As part of the transaction, certain Group companies will be involved in divestment or acquisition activities. This will not have any material impact on the financial statements of this Company.