

GLAXO WELLCOME UK LIMITED

ANNUAL REPORT AND ACCOUNTS
Registered No. 480080



YEAR ENDED 31 DECEMBER 2000

GLAXO WELLCOME UK LIMITED

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2000

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GLAXO WELLCOME UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000

In submitting the accounts of the Company and the Auditors' Report for the year ended 31 December 2000, the Directors report that:

	<u>£'000</u>
The profit for the year as shown in the profit and loss account is:	<u>35,623</u>

The Company does not propose to pay a final dividend in respect of the year ended 31 December 2000 (1999: £nil).

PRINCIPAL ACTIVITIES

The Company's principal activities are the manufacture, marketing and distribution of human pharmaceutical products within the United Kingdom.

BUSINESS REVIEW

The Directors are of the opinion that the current level of activity and year end financial position are satisfactory.

Capital investment during the year amounted to £6.7m (1999: £5m).

FUTURE DEVELOPMENTS

It was announced on 14 June 2001 that, following a global review of the Group's manufacturing network, there are proposals to close the Company's manufacturing site at Speke over the next 3 years. Otherwise, no significant changes to the Company's activities are anticipated.

MERGER OF GLAXO WELLCOME AND SMITHKLINE BEECHAM

GlaxoSmithKline plc acquired Glaxo Wellcome plc and SmithKline Beecham plc by way of a scheme of arrangement for the merger of the two companies, which became effective on 27 December 2000. Throughout the accounts, the shares of Glaxo Wellcome plc at 31 December 1999 and at dates prior to the merger, including options and awards, have been restated as follows: 1 Glaxo Wellcome share – 1 GlaxoSmithKline share.

On 1 October 2001, Glaxo Wellcome plc changed its name to GlaxoSmithKline Services plc. References to Glaxo Wellcome plc in these accounts are therefore to GlaxoSmithKline Services plc.

GLAXO WELLCOME UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

DIRECTORS

The following served as Directors of the Company during the year:

D M Hurt	(Chairman & Managing Director) Resigned 31 January 2001
M J Bailey	Resigned 30 April 2001
D A Jackson	Resigned 31 August 2000
J S LeCouilliard	Resigned 31 January 2001
A E Prichard	Resigned 31 January 2001
C G Marshall	Appointed 20 March 2000
Edinburgh Pharmaceutical Industries Limited	Appointed 31 January 2001
Glaxo Group Limited	Appointed 31 January 2001

The Directors in office at 31 December 2000 had notifiable interests in shares and options of GlaxoSmithKline plc at 31 December 2000 and 1 January 2000 (or date of appointment if later*) as set out below:

	Ordinary Shares of 25p each		Options on Ordinary Shares of 25p each			
	31 Dec 2000	1 Jan 2000*	31 Dec 2000	Granted	Exercised	1 Jan 2000*
M J Bailey	1,068	1,369	37,001	6,164	-	30,837
D M Hurt	30,042	16,537	116,672	63,700	-	52,972
J LeCouilliard	-	1,369	44,789	25,500	-	19,289
C G Marshall	9,206	6,125	109,589	-	-	109,589
A E Prichard	5,596	4,772	25,074	7,890	821	18,005

Conditional awards of shares made under the Long Term Incentive Plan at 31 December 2000 and 1 January 2000 (or date of appointment if later*) are set out below. These shares are currently held by the GlaxoSmithKline Employee Trust. Details of the plan are disclosed in the annual accounts of GlaxoSmithKline plc.

	31 Dec 2000	Awarded	Vested	1 Jan 2000*
D M Hurt	26,158	10,273	14,911	30,796
J LeCouilliard	4,745	2,657	-	2,088
C G Marshall	4,794	-	-	4,794

GLAXO WELLCOME UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

DIRECTORS (continued)

Awards of shares made under the Annual Incentive Plan are set out below. Details of the plan are disclosed in the annual accounts of GlaxoSmithKline plc. Shares are released to the directors after a period of three years from the date of award.

	31 Dec 2000	Awarded	Vested	1 Jan 2000
D M Hurt	-	-	4,335	4,335

PAYMENTS TO SUPPLIERS

The Company operates procedures to ensure that suppliers are paid on time. In particular, the Company seeks:

- To settle terms of payment with suppliers when agreeing the terms of the transaction.
- To ensure that suppliers are made aware of the terms of payment.
- To abide by the terms of payment.

The procedures include arrangements for accelerated payment of small suppliers.

Glaxo Wellcome plc, on behalf of itself and its UK subsidiaries, is a signatory to the Better Payment Practice Code of the Better Payment Practice Group, a successor code to the Prompt Payment Code of the CBI. It continues to be the Company's policy in 2000 to follow the Code in respect of all suppliers. Copies of the Code may be obtained from the Department of Trade and Industry.

The number of creditor days in relation to trade creditors outstanding at 31 December 2000 is 19 (1999: 13).

STAFF

At 31 December 2000, 1,925 people employed by Glaxo Wellcome plc in the United Kingdom performed their duties on behalf of the Company. Personnel and human resource policies and programmes take their direction from a framework of corporate values that encourages staff to become involved in the Company and which seeks to reward and develop all staff according to their contribution and capability. Staff communications are a high priority. Cascades, monthly communication events, team meetings, Company newspapers and journals, the annual "Report to Staff" and on-site presentations represent some of the methods used to ensure all staff are properly informed.

GLAXO WELLCOME UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

STAFF (continued)

The GlaxoSmithKline Group's UK employment policy does not discriminate between employees or potential employees on the grounds of colour, race, ethnic and national origin, sex, marital status or religious beliefs. The GlaxoSmithKline Group gives full consideration to applications for employment from disabled people who can demonstrate that they have the necessary abilities. If an employee becomes disabled whilst in employment, and as a result is unable to perform his or her normal duties, every effort is made to offer suitable alternative employment and assistance with retraining.

Staff can participate directly in the growth of the GlaxoSmithKline Group through both the GlaxoSmithKline Share Option and Savings Related Share Option Schemes.

GLAXO WELLCOME UK LIMITED

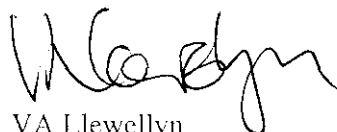
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

AUDITORS

The Company has elected to dispense with the obligation to appoint Auditors annually. The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and the Board is authorised to fix their remuneration in respect of the financial year just ended.

Registered Office:
Glaxo Wellcome House
Berkeley Avenue
Greenford
Middlesex UB6 0NN

By Order of the Board



VA Llewellyn
Secretary

Date 22/10/2001

GLAXO WELLCOME UK LIMITED - PROFIT & LOSS ACCOUNT

	Notes	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
TURNOVER	5	519,964	547,627
OPERATING COSTS LESS OTHER INCOME	6	(454,461)	(461,481)
Exceptional items charged against Operating Profit	9	(2,819)	(20,109)
TOTAL OPERATING COSTS LESS OTHER INCOME		(457,280)	(481,590)
OPERATING PROFIT		62,684	66,037
Net interest (payable)/receivable	10	(5,528)	33,866
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		57,156	99,903
Taxation	11	(21,533)	(25,091)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		35,623	74,812
Retained profit brought forward		278,838	204,026
Retained profit carried forward		314,461	278,838

The above results all arise from continuing activities.

Statement of Total Recognised Gains and Losses. The Company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and retained profit for the year stated above, and their historical cost equivalents.

GLAXO WELLCOME UK LIMITED – BALANCE SHEET

	Notes	31 December 2000 £'000	31 December 1999 £'000
FIXED ASSETS			
Tangible assets	12	40,739	46,321
Investments	13	2,934	2,934
		43,673	49,255
CURRENT ASSETS			
Stocks	14	44,075	56,744
Debtors	15	468,679	552,395
Cash at bank and in hand		341	19,749
		513,095	628,888
CURRENT LIABILITIES			
CREDITORS: Amounts falling due within one year	16	169,307	324,906
NET CURRENT ASSETS		343,788	303,982
TOTAL ASSETS LESS CURRENT LIABILITIES		387,461	353,237
PROVISIONS FOR LIABILITIES AND CHARGES	17	7,999	9,398
NET ASSETS		379,462	343,839
CAPITAL & RESERVES			
Called up share capital	19	65,001	65,001
Profit and loss account		314,461	278,838
Equity Shareholders' Funds	20	379,462	343,839

On behalf of the Board

**For and on behalf of
Edinburgh Pharmaceutical Industries Limited**

Director *L.A. Day*

Approved by the Board on *22 October 2001*

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000

1. ULTIMATE PARENT COMPANY

Glaxo Wellcome UK Limited is a wholly owned subsidiary undertaking of Glaxo Group Limited. The ultimate parent company and ultimate controlling party is GlaxoSmithKline plc. Glaxo Group Limited and GlaxoSmithKline plc are both incorporated in Great Britain and registered in England and Wales. GlaxoSmithKline plc is the parent undertaking of the smallest and largest groups to consolidate the Company's accounts. The accounts of GlaxoSmithKline plc can be obtained from the company secretary at Glaxo Wellcome House, Berkeley Avenue, Greenford, Middlesex, UB6 0NN.

The Company is exempt from preparing consolidated financial statements under section 228 of the Companies Act 1985.

2. BASIS OF TRADING

The following trading arrangements are reflected in the accounts:

- a) In the course of its business the Company purchases items from fellow subsidiary undertakings for resale to third parties.
- b) Certain services relating to the activities of the Company, principally in respect of research, development and administration, are provided by other companies in the GlaxoSmithKline Group and are charged to the Company on appropriate bases. Certain expenditures are incurred by the Company on behalf of other GlaxoSmithKline Group companies and are allocated to those companies as appropriate.

3. ACCOUNTING CONVENTION

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

4. ACCOUNTING POLICIES AND DEFINITIONS

Tangible fixed assets: Tangible fixed assets are stated at cost less a provision for depreciation and impairments. Upon disposal of a tangible fixed asset the cost and related accumulated depreciation are removed from the accounts and the net amount, less any proceeds, is taken to the profit and loss account. 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:

Freehold buildings	25 to 50 years
Leasehold land and buildings	The shorter of the term of the lease and 50 years
Plant and machinery	10 to 15 years
Computer equipment and software	3 to 5 years
Vehicles	4 years
Fixtures and equipment	10 to 15 years

The carrying values of tangible fixed assets are subject to review and impairment is charged to the profit and loss account.

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

4. ACCOUNTING POLICIES AND DEFINITIONS (continued)

Stocks: Stocks are included in the accounts at the lower of cost (including manufacturing overheads, where appropriate) and net realisable value.

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.

Operating leases: Rental costs arising under operating leases are charged in the period in which they are incurred.

Finance leases: Leasing agreements which transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset has been purchased outright. The asset is included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

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

Cash flow statement: The Company is a wholly owned subsidiary undertaking of GlaxoSmithKline plc and its cash flows are included in the consolidated cash flow statement of GlaxoSmithKline plc. Consequently the Company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

Retirement benefits: The Company participates in schemes for employee retirement benefits which are administered by Glaxo Wellcome plc. The costs associated with these schemes are charged to the profit and loss account on a systematic and rational basis over the period during which benefit is derived from employees' services.

Related party disclosures: The Company is a wholly owned subsidiary undertaking of GlaxoSmithKline plc and the profit and loss account of the Company is included within the consolidated profit and loss account of GlaxoSmithKline plc. Consequently the Company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing details of transactions with subsidiaries, associates and joint ventures of the Group.

Research and development: Research and development expenditure is treated as a charge against revenue in the period in which it is incurred. Research and development is carried out by other GlaxoSmithKline Group companies and costs are recharged as appropriate.

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

4. ACCOUNTING POLICIES AND DEFINITIONS (continued)

Implementation of Financial Reporting Standard No. 15: The Company has implemented FRS 15: 'Tangible Fixed Assets' in the current year. The FRS has not had a significant impact on the initial measurement, valuation and depreciation of tangible fixed assets.

5. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents goods invoiced during the period, less trade discounts, and excludes value-added tax.

All turnover and profit on ordinary activities before taxation was attributable to continuing operations in the UK and to the principal activities of the business as detailed in the Report of the Directors.

6. OPERATING COSTS

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Materials and consumables	140,128	147,034
Staff costs (Note 7)	72,797	76,066
Depreciation	11,809	19,633
Other operating charges	232,546	238,857
Total operating costs less other income	457,280	481,590
Deduct exceptional charges included above (note 9):		
Provision against amounts owed by subsidiary undertakings	-	4,027
Materials and consumables	151	
Staff costs	1,329	8,565
Depreciation	12	7,517
Other operating charges	1,327	-
	2,819	20,109
Operating costs less other income	454,461	461,481

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

6. OPERATING COSTS (continued)

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Other operating charges include:		
Merger costs	1,343	-
Auditors' remuneration		
- as auditors	52	52
- for non audit work	97	17
Operating lease rentals		
- land and buildings	9,858	8,367
- plant and machinery	945	740
Rental income	(5,183)	(4,137)

The merger costs arose from the merger of Glaxo Wellcome plc and SmithKline Beecham plc in December 2000.

7. STAFF NUMBERS AND COSTS

The staff engaged in the Company's business are employed by Glaxo Wellcome plc and their costs of employment, together with a management fee, are recharged to the Company.

	12 months ended 31 December 2000 Number	12 months ended 31 December 1999 Number
The average number of persons (including executive directors) performing their duties for the Company during the period was as follows:-		
Manufacturing	679	644
Other	1,256	1,220
	1,935	1,864

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

7. STAFF NUMBERS AND COSTS (continued)

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
The aggregate payroll costs for these employees were as follows:		
Wages and salaries	64,771	61,585
Social security costs	6,570	5,755
Pension costs	127	161
Restructuring related staff costs and severance provision	1,329	8,565
	72,797	76,066

Independent actuaries prepare valuations of the funded defined benefit schemes at least every three years and, in accordance with their recommendations, annual contributions are paid to the schemes so as to secure the benefits set out in the schemes' rules. The latest actuarial valuation of the schemes was at 31 March 2000 and as a result company contributions to the schemes are currently suspended. Details of the pension schemes and the actuarial valuation are given in the accounts of GlaxoSmithKline plc.

In addition to pension benefits, post retirement healthcare benefits are provided to certain former employees in accordance with a scheme run by Glaxo Wellcome plc. Details of the scheme are provided in the accounts of that company.

8. REMUNERATION OF DIRECTORS

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Emoluments for services to the Company	1,354	1,125

Retirement benefits are accruing to all Directors under the Company's defined benefit scheme. One of the Directors has exercised Share Options within the year (1999 – four).

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

8 REMUNERATION OF DIRECTORS (continued)

During the year D M Hurt, M J Bailey, J S LeCouilliard, C G Marshall and A E Prichard participated in the Company's Car Ownership Scheme, which is available to all senior employees. Under this scheme, an unsecured interest free loan of £5,000 was advanced to M J Bailey and A E Prichard during 1998, D M Hurt and J S LeCouilliard in 1999 and C G Marshall during 2000. These loans remain outstanding at 31 December 2000. The loans are repayable after three years or, if earlier, on leaving the Company.

No Director received any cash in respect of Long Term Incentive Schemes. The shares received under these schemes are disclosed on Page 2.

Highest paid Director

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Total emoluments and benefits (excluding gains on exercise of share options and value of shares received) under long term incentive schemes	337	318
Defined benefit pension:		
Accrued pension at end of year	75	65

9. EXCEPTIONAL ITEMS

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Exceptional items charged against operating profit:		
Provision against amounts owed by subsidiary undertakings (see note 6)	-	4,027
Restructuring of manufacturing operations (see note 6)	2,819	16,082
	2,819	20,109

The restructuring of manufacturing operations comprises a charge for reducing the Company's manufacturing capacity at the Speke plant, as part of the Group's announced review of its global manufacturing capacity.

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

9. EXCEPTIONAL ITEMS (Continued)

Manufacturing restructuring costs were incurred in implementing a rationalisation program of the company's manufacturing activities. These costs include strategic master plan programme costs.

Subsequent to year-end, proposals were made to close down the Speke manufacturing site as a whole, over the next three years. The impact of these proposals is not reflected in these accounts.

10. NET INTEREST (PAYABLE)/RECEIVABLE

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Bank interest payable	(580)	(1,077)
Interest payable to GlaxoSmithKline Group undertakings	(6,187)	(4,853)
Other interest payable	(96)	-
	(6,863)	(5,930)
Other interest receivable	1,335	39,796
	(5,528)	33,866

Other interest receivable comprises amounts receivable from the Inland Revenue in respect of tax repayments.

11. TAXATION

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
UK corporation tax payable at 30% (2000)/ 30.25% (1999)	20,503	28,032
Prior year corporation tax charge/(credit)	183	(1,991)
Deferred taxation charge/(credit)	867	(950)
Prior year deferred tax credit	(20)	-
	21,533	25,091

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

12. TANGIBLE FIXED ASSETS

	Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Equipment £'000	Assets in Construction £'000	Total £'000
Cost					
At 1 January 2000	16,079	85,870	44,473	2,421	148,843
Additions	-	-	-	6,710	6,710
Completions	723	1,560	2,801	(5,084)	-
Transfers from other GlaxoSmithKline Group Undertakings	-	3	152	-	155
Disposals	(26)	(2,201)	(4,005)	-	(6,232)
Transfers to other GlaxoSmithKline Group Undertakings	(41)	(145)	(576)	-	(762)
Reclassification	-	61	(61)	-	-
At 31 December 2000	16,735	85,148	42,784	4,047	148,714
Depreciation					
At 1 January 2000	(8,740)	(61,425)	(32,357)	-	(102,522)
Provision for the year	(683)	(6,636)	(4,490)	-	(11,809)
Transfers from other GlaxoSmithKline Group Undertakings	-	-	(48)	-	(48)
Disposals	-	2,083	3,856	-	5,939
Transfers to other GlaxoSmithKline Group Undertakings	-	142	323	-	465
Reclassification	-	(40)	40	-	-
At 31 December 2000	(9,423)	(65,876)	(32,676)	-	(107,975)
Net Book Value					
At 31 December 2000	7,312	19,272	10,108	4,047	40,739
At 31 December 1999	7,339	24,445	12,116	2,421	46,321

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

12. TANGIBLE FIXED ASSETS (continued)

	31 December 2000 £'000	31 December 1999 £'000
The Net Book Value of Land and buildings comprises:		
Freehold land and buildings	1,694	1,769
Long leasehold land and buildings	5,618	5,570
	7,312	7,339

Included in fixtures and equipment at 31 December 2000 is capitalised software with a cost of £1.1m (1999 - £0.4m), accumulated depreciation of £0.3m (1999 - £0.1m) and a net book value of £0.8 m (1999 - £0.3m).

13. FIXED ASSET INVESTMENTS

	31 December 2000 £'000	31 December 1999 £'000
Subsidiary Undertakings		
Investments in subsidiary undertakings at cost	3,184	3,184
Impairment provisions	(250)	(250)
Net book value	2,934	2,934

The Company wholly owns the following subsidiary undertakings, all of which are registered in England and Wales except Wellcome UK Limited which is registered in Scotland:

Subsidiary Undertaking	Description & Amount of Shares Held
Allen & Hanburys Limited	963,400 Ordinary shares of £1 each
Wellcome UK Limited	520,000 Ordinary shares of 25p each
Glaxo Laboratories Limited	39,000 Ordinary shares of £1 each
Glaxo Wellcome Healthcare Limited	250,000 Ordinary shares of £1 each
Optimal Healthcare Solutions Limited	2 Ordinary shares of £1 each

The subsidiary undertakings are engaged in the pharmaceuticals business. With the exception of Glaxo Wellcome Healthcare Limited and Optimal Healthcare Solutions Limited, these companies act as agents for Glaxo Wellcome UK Limited and the results of their activities are reflected in the Company's accounts. The Directors consider the value of its investments in subsidiary undertakings to be at least equal to their net book value.

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

14. STOCKS

	31 December 2000 £'000	31 December 1999 £'000
Raw materials and consumables	11,151	11,342
Work in progress	12,018	16,784
Finished goods	20,906	28,618
	44,075	56,744

15. DEBTORS

	31 December 2000 £'000	31 December 1999 £'000
Amounts falling due within one year:		
Trade debtors	102,129	110,193
Amounts owed by parent and fellow subsidiary undertakings	355,972	432,110
Amounts owed by subsidiary undertakings	393	530
Other debtors	2,581	636
Prepayments and accrued income	3,743	2,794
Deferred tax recoverable (see note 18)	846	1,693
	465,664	547,956
Amounts falling due after more than one year:		
Other debtors	3,015	4,439
	468,679	552,395

There were no material balances outstanding with associates and joint ventures of the Group at 31 December 2000 (1999: £nil).

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

16. CREDITORS

	31 December 2000 £'000	31 December 1999 £'000
Amounts falling due within one year:		
Bank loans and overdrafts (unsecured)	19,724	58,975
Trade creditors	10,727	8,519
Taxation and social security	975	854
Other creditors	13,014	12,241
Accruals and deferred income	15,256	16,194
Amounts owed to parent and fellow subsidiary undertakings	85,937	207,562
Amounts owed to subsidiary undertakings	2,934	2,934
Corporation tax payable	20,740	17,627
	169,307	324,906

There were no material balances outstanding with associates and joint ventures of the Group at 31 December 2000 (1999: £nil).

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Manufacturing Restructuring Provision £'000	Other Provisions £'000	Total £'000
Balance at 1 Jan 2000	8,565	833	9,398
Charge to profit and loss account	-	1,074	1,074
Utilised	(1,062)	(1,411)	(2,473)
Balance at 31 Dec 2000	7,503	496	7,999

See note 9 for details of the manufacturing restructuring programme.

Other provisions comprise legal provisions (see note 23).

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

18. DEFERRED TAXATION

The (asset)/liability for deferred taxation and the full potential liability to deferred taxation relate to:

	31 December 2000 £'000		31 December 1999 £'000	
	(Asset)/ Provision £'000	Full Potential Amount £'000	(Asset)/ Provision £'000	Full Potential Amount £'000
Accelerated capital allowances	2,137	2,607	1,615	4,292
Short term timing differences	(2,983)	(2,983)	(3,308)	(3,308)
	(846)	(376)	(1,693)	984

Movements in the deferred tax asset are summarised below:

	31 December 2000 £'000	31 December 1999 £'000
Balance at 1 January 2000	1,693	743
(Charge)/credit to profit and loss account	(847)	950
Balance at 31 December 2000	846	1,693

19. SHARE CAPITAL

	31 December 2000 £'000	31 December 1999 £'000
Authorised		
Ordinary shares of £1 each	80,000	80,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	65,001	65,001

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	12 months ended 31 December 2000 £'000	12 months ended 31 December 1999 £'000
Profit after taxation	35,623	74,812
Net addition to shareholders' funds	35,623	74,812
Opening shareholders' funds	343,839	269,027
Closing shareholders' funds	379,462	343,839

21. OPERATING LEASE COMMITMENTS

The commitments of the Company under non-cancellable operating leases to pay rentals for the next year are:

	LAND & BUILDINGS		PLANT, MACHINERY & EQUIPMENT	
	31 December 2000 £'000	31 December 1999 £'000	31 December 2000 £'000	31 December 1999 £'000
Contracts which expire within:				
One year	-	-	-	296
Two to five years	-	404	598	149
More than five years	10,320	7,914	-	-
	10,320	8,318	598	445

22. CAPITAL COMMITMENTS

	31 December 2000 £'000	31 December 1999 £'000
Contracted for but not provided in the accounts	549	1,174
Authorised but not contracted for	5,213	3,186

GLAXO WELLCOME UK LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2000 (continued)

23. CONTINGENT LIABILITIES

Unquantified claims have been made against GlaxoSmithKline Group companies relating to product liability. In the opinion of the Directors of the Company, the amounts provided in the accounts against such claims, in so far as they relate to Glaxo Wellcome UK Limited and its subsidiary undertakings, are adequate and no additional material liabilities are expected to arise.

The Company is a guarantor of the bank borrowings of certain other Group companies. At the year end, the maximum contingent liability in respect of these borrowings amounted to approximately £42,573,000 (1999: £109,505,000).

24. RELATED PARTY TRANSACTIONS

The Company has not entered into any material non-Group related party transactions during the year.

25. MERGER OF GLAXO WELLCOME PLC AND SMITHKLINE BEECHAM PLC

GlaxoSmithKline plc acquired Glaxo Wellcome plc and SmithKline Beecham plc by way of a scheme of arrangement for the merger of the two companies, which became effective on 27 December 2000.

GLAXO WELLCOME UK LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITY IN RELATION TO THE ACCOUNTS

The Directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. The Directors confirm that suitable accounting policies have been consistently applied in the preparation of the accounts, supported by reasonable and prudent judgements and estimates as necessary; applicable accounting standards have been followed, and the accounts have been prepared on the going concern basis.

The Directors are responsible for ensuring the maintenance of proper accounting records, which disclose with reasonable accuracy the financial position of the Company at any time and from which accounts can be prepared to comply with the Companies Act 1985. They are also responsible for ensuring the operation of systems of internal control for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

On behalf of the Board

Director: SADAY.....

Date: 22/10/2001

GLAXO WELLCOME UK LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF GLAXO WELLCOME UK LIMITED

We have audited the accounts on pages 6 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 22, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 accounts.

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 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 the Company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

Date: *25 October 2001*