

Company No.494385

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED**

**31ST DECEMBER 1994**



**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

Directors

R.G.Parker  
P.M.Barrett  
A.R.Curl  
B.J.Dolbear (appointed 28 June 1994)  
A.A.Luckham  
R.M.Whittaker  
C.A.Robinson (resigned 28 June 1994)  
R.Jacobs (appointed 28 June 1994)  
J.P.G.Grumbitt (appointed 18 July 1995)

C.A.McClintock - Secretary

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Directors' Report for the year ended 31st December 1994

Holding Company

The directors regard SmithKline Beecham p.l.c., registered in England as being the ultimate holding company. Group accounts may be obtained from New Horizons Court, Brantford, Middlesex, TW8 9EP.

Principal activity

The principal activity of the company is the marketing of pharmaceutical products through branches in Kenya, Cote D'Ivoire, Poland, Hungary C.S.F.R., C.I.S. Bulgaria, Sri Lanka, Russia and the Slovak Republic. The company did not undertake any activity in the U.K. during the year ended 31st December 1994.

Review of Business

The results of the company are shown on page 7. The directors do not recommend the payment of a dividend. The general activities of the company will remain the same in 1995.

Fixed assets

Details of the movements in fixed assets are shown in note 6 to the accounts.

## **SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

### **Research and development**

No research and development expenditure was incurred during the year ended 31st December 1994.

### **Directors**

The directors of the company at the date of this report are shown on page 1.

### **Directors Responsibilities**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the year.

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which they consider to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED

## Directors interests

The following beneficial interests in the shares of Group companies have been notified by directors in accordance with the Companies Act 1985:-

	<u>Interests</u> <u>in shares</u> <u>as at</u> <u>31.12.94</u>	<u>Interests</u> <u>in shares</u> <u>as at</u> <u>1.1.94</u>	<u>Share</u> <u>options</u> <u>held as at</u> <u>1.1.94</u>	<u>Granted</u>	<u>Exercised</u>	<u>Share</u> <u>options</u> <u>held as</u> <u>at 31.12.94</u>
		*	*			
P.M.Barrett	3,969	2,998	55,681	29,503	-	85,184
A.R.Curl	6,426	4,426	55,048	37,316	-	92,364
B.J. Dolbear	151	-	-	-	-	-
A.A.Luckham	6,034	4,568	83,233	33,924	-	117,157
R.M.Whittaker	17,298	20,680	48,715	27,044	-	75,759
R.Jacobs	5,020	4,464	48,715	27,044	13,544	62,215
R.G.Parker	1,236	376	40,241	15,000	-	55,241

\* Or at date of appointment

The options for the purchase of shares are exercisable at a variety of prices. Details of option prices are disclosed in the group accounts.

During the year, directors' and officers liability insurance was in place, paid for by SmithKline Beecham plc.

## Auditors

This company has adopted the elective regime permitting it to dispense with the requirement to re-appoint auditors annually. Accordingly, Price Waterhouse, who are willing to continue in office, shall be deemed to have been re-appointed annually until such time as a notice proposing their removal is received.

By order of the Board



C. A. McClintock  
Secretary

19 | 10 | 1995

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

**AUDITORS' REPORT**

To the members of SmithKline Beecham Marketing and Technical Services Limited.

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 2 of the Directors' Report the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinions to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
London

19/6/1995

## **SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

### **ACCOUNTING POLICIES**

The company's financial statements are prepared under the historical cost convention. The company's main accounting policies, which conform with U.K. accounting standards are set out below:-

#### **Foreign Currencies**

Profit and loss account items and assets and liabilities in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet dates. Differences arising from changes in exchange rates during the year are taken direct to reserves in so far as they relate to the net tangible assets of the overseas branches. Other differences are included in the Profit and Loss Account for the period.

#### **Turnover**

Turnover represents amounts receivable for the sales of products and services to third party customers and associate undertakings.

#### **Retirement benefits**

The company makes contributions to various retirement plans which cover the majority of the employees. The contributions are based on periodic actuarial calculations or according to national statutory provisions and are charged against profits as incurred. The plans are funded by payments to insurance companies or trusts whose assets are separately administered from those of the company, or to national social security authorities.

#### **Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is charged on the cost or valuation of fixed assets in equal annual installments over their estimated useful lives.

The average lives for each major asset category are:

Land and Buildings	25 years
Leasehold improvements	Term of lease
Plant and equipment	4 to 10 years
Vehicles - motor cars	5 years

The profit or loss on the disposal of an asset is calculated as the difference between net sales proceeds and the net book value.

#### **Deferred Taxation**

Deferred taxation is provided on all timing differences, except that no provision is made for taxation deferred by reliefs, mainly accelerated taxation allowances on U.K. capital expenditure, if it is expected that the taxation will not be payable in the foreseeable future.

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

**Stocks**

Stocks are stated at the lower of cost or net realisable value. The cost of finished goods and work in progress comprises raw materials, direct labour and related production overheads.

**Statement of Cash Flow**

The company is exempt from its obligation to prepare a cash flow statement as a cash flow statement is included in the Financial Statements of the ultimate parent undertaking, SmithKline Beecham plc.

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1994**

	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
TURNOVER	1	9,899,000	4,861,501
Administrative expenses		(9,567,428)	(4,763,819)
Other operating income/(expenses)		12,586	(245,091)
OPERATING PROFIT/(LOSS)		<u>344,158</u>	<u>(147,409)</u>
THIRD PARTY INTEREST RECEIVABLE		17,014	6,625
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>361,172</u>	<u>(140,784)</u>
Tax on profit on ordinary activities	5	(215,000)	(89,912)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		146,172	(230,696)
RETAINED PROFIT/(LOSS) FOR THE YEAR	11	<u>146,172</u>	<u>(230,696)</u>

The notes on pages 9 to 13 form part of these accounts.


All of the turnover and profit/(loss) before taxation arises from continuing activities.



**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

**BALANCE SHEET - 31ST DECEMBER 1994**

	<u>Notes</u>	<u>31.12.94</u> £	<u>31.12.93</u> £
<b>Fixed assets</b>			
Tangible assets	6	1,900,000	1,468,001
<b>Current assets</b>			
Debtors - due within one year	7	1,069,759	777,751
Cash at bank and in hand		1,877,373	1,077,180
		<u>2,947,132</u>	<u>1,854,931</u>
<b>Creditors:</b>			
amounts falling due within one year	8	(5,253,383)	(3,517,288)
<b>Net current liabilities</b>		<u>(2,306,251)</u>	<u>(1,662,357)</u>
<b>Total assets less current liabilities</b>		<u>(406,251)</u>	<u>(194,356)</u>
<b>Deferred Taxation</b>	9	(88,000)	(88,000)
<b>Net (liabilities)</b>		<u>(494,251)</u>	<u>(282,356)</u>
<b>Capital and reserves</b>			
Called up share capital	10	10,000	10,000
Profit and loss account	11	(504,251)	(292,356)
		<u>(494,251)</u>	<u>(282,356)</u>

  
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**DIRECTOR**

The financial statements were approved by the directors on the 19/10/95

The notes on pages 9 to 13 form part of these accounts.

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES**

	<u>1994</u> £	<u>1993</u> £
Profit/(Loss) for the financial year	146,172	(230,696)
Unrealised exchange (Loss) on foreign currency fixed assets	(358,067)	(89,265)
Total recognised losses relating to the year	<u>(211,895)</u>	<u>(319,961)</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**1. TURNOVER**

Turnover comprises of service fees receivable by the company for the provision of its services to associate undertakings.

	<u>1994</u> £	<u>1993</u> £
	9,899,000	4,861,501
<b>Geographical Location</b>		
East Europe	9,855,000	4,812,080
Sri Lanka	<u>44,000</u>	<u>49,421</u>
	<u>9,899,000</u>	<u>4,861,501</u>

**2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>31.12.94</u> £	<u>31.12.93</u> £
The following amounts have been credited/ (charged) in arriving at profit/(loss) on ordinary activities before taxation.		
Exchange loss	586	(141,442)
Depreciation	(435,000)	(220,220)
Remuneration of auditors	(1,967)	(2,157)
Employee costs, including directors' emoluments	(2,087,584)	(1,669,274)
Salaries and wages	2,849,584	1,660,274
Retirement benefits	5,000	9,000

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

3. **EMPLOYEES**

	<u>1994</u>	<u>1993</u>
The average number of persons employed overseas during the year was	221	125
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4. **EMOLUMENTS OF DIRECTORS**

The directors do not perform any executive function for the company and consequently receive no remuneration.

5. **TAXATION**

The tax charge for the year comprises:

	<u>1994</u>	<u>1993</u>
	£	£
United Kingdom taxation at 33%	-	66,000
Deferred taxation	-	(88,000)
Write back of prior years' provision	-	22,088
Overseas taxation	(215,000)	(90,000)
	<u>(215,000)</u>	<u>(89,912)</u>
	=====	=====

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

6. **TANGIBLE FIXED ASSETS**

Plant, equipment and vehicles

	Cost £	Depreciation £	Net book Value £
At 1st January 1994	2,002,858	(534,857)	1,468,001
Additions	1,225,066	-	1,225,066
Exchange adjustment	(401,777)	43,710	(358,067)
Depreciation for year	-	(435,000)	(435,000)
	<u>2,826,147</u>	<u>(926,147)</u>	<u>1,900,000</u>

Total Net book Value

	£
At 31st December 1994	<u>1,900,000</u>
At 31st December 1993	<u>1,468,001</u>

7. **DEBTORS**

	<u>1994</u> £	<u>1993</u> £
Amount owed by group undertakings	259,000	-
Other debtors	540,759	412,451
Prepayments and accrued income	270,000	365,300
	<u>1,069,759</u>	<u>777,751</u>

8. **CREDITORS**

- amounts falling due within one year

	<u>1994</u> £	<u>1993</u> £
Bank overdraft	8,789	54,373
Amount owed to group undertakings	2,806,000	2,678,877
Other creditors including taxation and social security	802,371	242,844
Accruals and deferred income	1,636,223	541,194
	<u>5,253,383</u>	<u>3,517,288</u>

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

9. **DEFERRED TAXATION**

	<u>1994</u>	<u>1993</u>
	£	£
Deferred taxation at 1.1.94	(88,000)	-
Amount charged to profit and loss account	-	(88,000)
Deferred taxation provision at 31.12.94	<u>(88,000)</u>	<u>(88,000)</u>

10. **CALLED UP SHARE CAPITAL**

	<u>31.12.94</u>	<u>31.12.93</u>
	£	£
Allotted, issued and fully paid:		
Ordinary shares of £1 each	10,000	10,000
Authorised	<u>10,000</u>	<u>10,000</u>

11. **RESERVES**

	<u>Profit &amp; Loss Account</u>
	£
At 1 January 1994	(292,356)
Exchange difference	(358,067)
Profit for the year	146,172
At 31 December 1994	<u>(504,251)</u>

**SMITHKLINE BEECHAM MARKETING & TECHNICAL SERVICES LIMITED**

12. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Profit/(loss) for the financial year	146,172	(230,696)
Recognised (loss) relating to exchange differences in foreign currency fixed assets	(358,067)	(89,265)
Net movement in shareholders' funds	(211,895)	(319,961)
Opening shareholders' funds	(282,356)	37,605
Closing shareholders' funds	<u>(494,251)</u>	<u>(282,356)</u>

13. **ULTIMATE PARENT UNDERTAKING**

The company's ultimate parent undertaking is SmithKline Beecham PLC, registered in England and Wales. SmithKline Beecham PLC is the smallest and largest group to consolidate the accounts of the company. Copies of the consolidated accounts are available from One New Horizons Court, Brentford, Middlesex TW8 9EF.

14. **SUPPORT OF THE PARENT UNDERTAKING**

The parent company has undertaken to provide continuing financial support to enable the company to continue trading and meet its liabilities as they fall due.