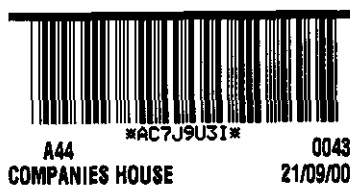


**BURROUGHS WELLCOME INTERNATIONAL LIMITED**

**Annual Report and Accounts**

**For the year ended 31 December 1999**

**Registered Number 543757**



**Burroughs Wellcome International Limited**

**Annual Report and Accounts**

**For the year ended 31 December 1999**

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# **Burroughs Wellcome International Limited**

## **Report of the Directors**

### **For the year ended 31 December 1999**

The Directors submit their Report and Statement of Accounts for the year ended 31 December 1999.

#### **1. Activities and Business Review**

The company is a holding company. Its investments in associates are detailed in Note 11 to the Accounts. The Company made a profit for the financial year of £1,429,000. The company will continue to act as a holding company.

#### **2. Post Balance Sheet Event**

On 17<sup>th</sup> January 2000, the Boards of Glaxo Wellcome plc and SmithKline Beecham plc announced the agreement of a merger of equals between the Companies. The merger was approved by the shareholders of both Companies on 31<sup>st</sup> July 2000 and remains subject to sanction by the High Court and antitrust clearance in the United States.

#### **3. Dividends**

The Directors do not recommend the payment of a dividend for the year under review (1998:Nil).

#### **4. Directors**

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

Mr J M T Cochrane  
Edinburgh Pharmaceutical Industries Limited  
Glaxo Group Limited

The Directors and their families have no notifiable interests in the shares of the Company or its immediate parent undertaking, Wellcome Consumer Healthcare Limited or the ultimate parent undertaking, Glaxo Wellcome plc.

Mr J M T Cochrane is a Director of the ultimate parent undertaking, Glaxo Wellcome plc, and his notifiable interests in the shares and share options of Glaxo Wellcome plc are disclosed in the Report and Accounts of that company.

#### **5. Year 2000**

In view of the uncertain effects on computer and microprocessor technologies from the millennium change, a Group-wide programme was initiated in 1997 to identify and minimise both internal and external risks of interruption to the business. In the event, there was minor disruption. There are continuing benefits to the Group from the knowledge gained and techniques implemented in the investigation of business processes during the millennium planning. There were no significant costs incurred in relation to the Year 2000 date change issue by the Company.

**Burroughs Wellcome International Limited**

**Report of the Directors**

**For the year ended 31 December 1999**

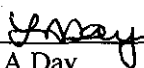
**6. Auditors**

Elective resolutions to dispense with holding Annual General Meetings, the laying of accounts before the Company in general meeting and the appointment of Auditors annually are currently in force. The Auditors, PricewaterhouseCoopers, will therefore be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this Report and Accounts are sent to members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their reappointment be brought to an end.

By Order of the Board

Registered Office:

Glaxo Wellcome House  
Berkeley Avenue  
Greenford  
Middlesex UB6 0NN

  
\_\_\_\_\_  
L A Day  
Secretary

Date: 15/9/2000

## Burroughs Wellcome International Limited

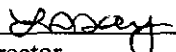
### Directors' Statement of Responsibility

Company law requires the Directors to prepare accounts for each financial year which 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 year. The Directors confirm that in the preparation of the accounts

- suitable accounting policies have been consistently applied
- reasonable and prudent judgement and estimates have been used as necessary
- applicable accounting standards have been followed, and that
- the accounts have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

  
\_\_\_\_\_  
Director,

For and on behalf of Edinburgh Pharmaceutical Industries Limited.

Date: 15/2/2000

## **Burroughs Wellcome International Limited**

### **Report of the Auditors to the members of Burroughs Wellcome International Limited**

We have audited the accounts on pages 5 to 12.

#### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual Report. As described on page 3, 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

Date: 19.9.00

# Burroughs Wellcome International Limited

## Profit and Loss Account

For the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Income from interests in Associated Undertakings	4	173	(146)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		173	(146)
Taxation credit/(charge)	5	1,256	55
		<hr/>	<hr/>
Profit/(Loss) retained for the year		1,429	(91)
		<hr/>	<hr/>

All items dealt with in arriving at operating profit for both 1999 and 1998 relate to continuing activities.

# Burroughs Wellcome International Limited

## Balance Sheet

	Notes	As at 31 December 1999 £'000	As at 31 December 1998 £'000
Fixed Assets			
Investments	6	35,694	35,521
Current Assets			
Debtors	7	1,256	-
Net assets		<u>36,950</u>	<u>35,521</u>
Capital and reserves			
Share Capital	8	28	28
Revaluation Reserve	10	2,794	3,558
Profit and loss account	10	34,128	31,935
Equity shareholders' funds	9	<u>36,950</u>	<u>35,521</u>

The accounts on pages 5 to 12 were approved by the Board of Directors on 15/9/00 and were signed on its behalf by:

JA Day  
Director

For and on behalf of Edinburgh Pharmaceutical Industries Limited.



**Burroughs Wellcome International Limited**

**Statement of Total Recognised Gains and Losses**  
**For the year ended 31 December 1999**

	1999 £'000	1998 £'000
Profit/(loss) for the financial year	1,429	(91)
Movement on revaluation reserve	764	-
Total recognised gains and losses	2,193	(91)

# **Burroughs Wellcome International Limited**

## **Notes to the Accounts**

**For the year ended 31 December 1999**

### **1. Ultimate Parent Undertaking**

The ultimate parent undertaking of Burroughs Wellcome International Limited is Glaxo Wellcome plc which is incorporated in Great Britain, and registered in England and Wales. Copies of the consolidated accounts of Glaxo Wellcome plc can be obtained from Glaxo Wellcome plc, Glaxo Wellcome House, Berkeley Avenue, Greenford, Middlesex, UB6 0NN.

### **2. Accounting Policies and Definitions**

#### *Accounting Convention*

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

#### *Basis of Accounts*

Consolidated accounts of the Company and its subsidiary undertakings have not been prepared as the Company is a wholly-owned subsidiary of another body corporate, incorporated in Great Britain and registered in England and Wales. The Directors are of the opinion that the aggregate value of the assets of the Company consisting of shares in, and amounts owing from, the Company's subsidiary and associated undertakings, is not less than the aggregate in the balance sheet. As the Company is a wholly owned subsidiary undertaking, it is not required to account for its share of the results of associated undertakings.

#### *Foreign Currencies*

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the balance sheet date, except for shareholdings in overseas undertakings which are included at the historic sterling cost of the foreign investment.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All exchange differences are taken to the profit and loss account.

#### *Fixed Asset Investments*

Investments in shares in Group undertakings, associated undertakings and other fixed investments are stated in the accounts at cost or valuation. When required, provision is made for impairment.

#### *Cash Flow Statement*

The Company is a wholly owned subsidiary undertaking of Glaxo Wellcome plc and the cash flows of the Company are included in the consolidated cash flow statement of Glaxo Wellcome plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

### **3. Remuneration of Directors and Employees**

During the year, the Directors of the company were remunerated as executives of the ultimate parent undertaking. They received no emoluments in respect of their service to the Company (1998:- £Nil).

No employee costs have been charged in the accounts as the Company had no employees during the year (1998:- £Nil).

# **Burroughs Wellcome International Limited**

## **Notes to the Accounts**

**For the year ended 31 December 1999**

### **4. Profit on Ordinary Activities before Taxation**

Profit on ordinary activities before taxation has been arrived at after crediting/(charging) the following:

	1999 £'000	1998 £'000
Income from shares in group undertakings	173	146
Write back of prior period dividend receivable	-	(292)
	<hr/>	<hr/>
	173	(146)
	<hr/>	<hr/>

The auditors' remuneration is borne by the ultimate parent undertaking.

### **5. Taxation**

	1999 £'000	1998 £'000
On profits for the Year:		
UK corporation tax @ 30.25% (1998 - 31%)	85	75
Less double taxation relief	(85)	(75)
Over provision in prior year	(1,256)	-
	<hr/>	<hr/>
	(1,256)	-
Overseas Taxation	-	(55)
	<hr/>	<hr/>
	(1,256)	(55)
	<hr/>	<hr/>

Overseas dividend income is grossed up for taxation purposes by the respective underlying tax rates of the overseas companies.

# **Burroughs Wellcome International Limited**

## **Notes to the Accounts**

**For the year ended 31 December 1999**

### **6. Investments**

	Shares in Associated Undertaking £'000	Loan to Parent Undertaking £'000	Other Investments £'000	Total £'000
<b>Cost or valuation:</b>				
At 1 January 1999	3,064	32,416	41	35,521
Additions	-	173	-	173
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	3,064	32,589	41	35,694
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amounts written off</b>				
At 1 January 1999 and 31 December 1999	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>				
At 31 December 1999	3,064	32,589	41	35,694
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>				
At 31 December 1998	3,064	32,416	41	35,521
	<hr/>	<hr/>	<hr/>	<hr/>

Details of associated undertaking are given in note 11.

Shares in the associated undertaking represents the Directors' valuation of the Company's interests in the equity shares of Burroughs Wellcome India Limited. The historical cost of shares was £270,000.

# **Burroughs Wellcome International Limited**

## **Notes to the Accounts**

**For the year ended 31 December 1999**

<b>7. Debtors</b>	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Amounts owed by fellow subsidiary undertaking	<b>1,256</b>	<b>-</b>
	<hr/>	<hr/>
<b>8. Share Capital</b>	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
<i>Authorised:</i>		
28,000 ordinary shares of £1 per share	<b>28</b>	<b>28</b>
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
28,000 ordinary shares of £1 per share	<b>28</b>	<b>28</b>
	<hr/>	<hr/>
<b>9. Reconciliation of Movements in Equity Shareholders' Funds</b>	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Equity Shareholders' Funds at the beginning of the year	<b>35,521</b>	<b>35,612</b>
Profit for the year	<b>1,429</b>	<b>(91)</b>
	<hr/>	<hr/>
Equity Shareholders' Funds at the end of the year	<b>36,950</b>	<b>35,521</b>
	<hr/>	<hr/>
<b>10. Reserves</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	<b>3,558</b>	<b>31,935</b>
Profit for the year	<b>-</b>	<b>1,429</b>
Movement on revaluation reserve	<b>(764)</b>	<b>764</b>
	<hr/>	<hr/>
At the end of the year	<b>2,794</b>	<b>34,128</b>
	<hr/>	<hr/>

The movement on the revaluation reserve is a result of a re-examination of assets of associated undertakings.

# **Burroughs Wellcome International Limited**

## **Notes to the Accounts**

**For the year ended 31 December 1999**

### **11. Principal Associated Undertaking**

<b>Associated Undertaking</b>	<b>Country of Incorporation</b>
Burroughs Wellcome India Limited (26.15%)	India

The company is engaged in the manufacturing and sale of pharmaceutical products.

### **12. Related Party Transactions**

As a wholly owned subsidiary, the Company is taking exemptions allowed under the terms of Financial Reporting Standard No.8 not to disclose material transactions with entities that are part of the group or investees in the group qualifying as related parties.

### **13. Post Balance Sheet Event**

On 17<sup>th</sup> January 2000, the Boards of Glaxo Wellcome plc and SmithKline Beecham plc announced the agreement of a merger of equals between the Companies. The merger was approved by the shareholders of both Companies on 31<sup>st</sup> July 2000 and remains subject to sanction by the High Court and antitrust clearance in the United States.