

Registration number: 01447831

Eli Lilly Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Eli Lilly Group Limited
Registration No: 01447831

Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 17

Eli Lilly Group Limited
Registration No: 01447831

Company Information

Directors	N Lemen A Diaz-Granados H Bennett
Company secretary	H Bennett
Registered office	Lilly House Priestley Road Basingstoke Hampshire RG24 9NL United Kingdom
Auditors	Ernst & Young City Quarter Lapps Quay Cork Ireland

Eli Lilly Group Limited
Registration No: 01447831

Strategic Report for the Year Ended 31 December 2018

The Directors present their strategic report for the year ended 31 December 2018.

Principal activity

The Company's principal activity is as an intermediary holding company for Eli Lilly and Company's subsidiary undertakings operating in the United Kingdom.

Results

The profit/(loss) for the year, after taxation, amounted to £307,000,000 (2017 loss: £202,000). There are no other key performance indicators.


Fair review of the business

The Company held intercompany debt on which it paid interest during the year. The debt was settled during 2018. The directors are satisfied with the Company's performance during the year.

Principal risks and uncertainties

As a holding company, the Company's principal financial risk would arise from a permanent diminution in the value of the Company's subsidiary undertakings.

Approved by the Board on 25 September 2019 and signed on its behalf by:



N Lemen
Director

Eli Lilly Group Limited
Registration No: 01447831

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the Company

The directors who held office during the year were as follows:

J Haug (resigned 9 March 2018)

H Bennett - Company secretary and director

R Morison (resigned 1 December 2018)

N Lemen (appointed 9 March 2018)

A Diaz-Granados (appointed 1 December 2018)

Dividends

Dividends of £253,591,000 were paid in the year. (No dividend payment was made in 2017).

Going concern

The company is an intermediate holding company and therefore its going concern should be considered with reference to the going concern of its subsidiaries, primarily Eli Lilly and Company Limited.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

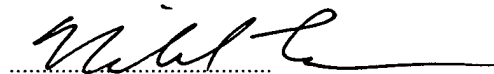
Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Appointment of auditors

In accordance with section 485 of the companies Act 2006, a resolution is to be proposed as the Annual General Meeting for reappointment of Ernst & Young as auditor of the Company.

Approved by the Board on 25 September 2019 and signed on its behalf by:



N Lemen
Director

Eli Lilly Group Limited
Registration No: 01447831

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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.



N Lemen
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELI LILLY GROUP LIMITED

Opinion

We have audited the financial statements of Eli Lilly Group Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELI LILLY GROUP LIMITED (Continued)

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELI LILLY GROUP LIMITED (Continued)

Responsibilities of directors

As explained more fully in the Statements of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

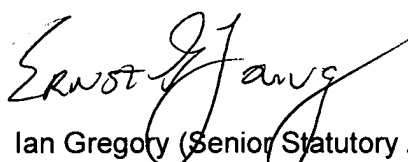
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Gregory (Senior Statutory Auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Cork, Ireland

26 September 2019

Eli Lilly Group Limited
Registration No: 01447831

Income Statement for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover		-	-
Operating profit	3	-	-
Income from shares in group undertakings		307,131	-
Interest payable and similar charges	4	(162)	(250)
Profit/(loss) before tax		306,969	(250)
Taxation	6	31	48
Profit/(loss) for the financial year		<u>307,000</u>	<u>(202)</u>

Eli Lilly Group Limited
Registration No: 01447831

Statement of Comprehensive Income for the Year Ended 31 December 2018

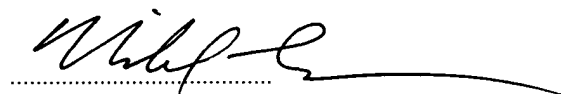
	Note	2018 £ 000	2017 £ 000
Profit/(loss) for the year		<u>307,000</u>	<u>(202)</u>
Total comprehensive income/(expense) for the year		<u><u>307,000</u></u>	<u><u>(202)</u></u>

Eli Lilly Group Limited
Registration No: 01447831

Statement of Financial Position at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	7	103,223	103,223
Current assets			
Debtors	8	5,270	5,228
Creditors: Amounts falling due within one year	9	<u>(10)</u>	<u>(275)</u>
Net current assets		<u>5,260</u>	<u>4,953</u>
Total assets less current liabilities		108,483	108,176
Creditors: Amounts falling due after more than one year	9	<u>-</u>	<u>(53,102)</u>
Net assets		<u>108,483</u>	<u>55,074</u>
Capital and reserves			
Called up share capital	10	8,350	8,350
Other reserves		41,771	41,771
Profit and loss account		<u>58,362</u>	<u>4,953</u>
Total equity		<u>108,483</u>	<u>55,074</u>

Approved and authorised by the Board on 25 September 2019 and signed on its behalf by:



N Lemen
Director

Eli Lilly Group Limited
Registration No: 01447831

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Share Premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	8,350	41,771	4,953	55,074
Profit for the year	-	-	307,000	307,000
Total comprehensive income	-	-	307,000	307,000
Dividends	-	-	(253,591)	(253,591)
At 31 December 2018	8,350	41,771	58,362	108,483

	Share capital £ 000	Share Premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	7,100	33,021	5,155	45,276
Loss for the year	-	-	(202)	(202)
Total comprehensive expense	-	-	(202)	(202)
New share capital subscribed	1,250	8,750	-	10,000
At 31 December 2017	8,350	41,771	4,953	55,074

The notes on pages 12 to 17 form an integral part of these financial statements.

Eli Lilly Group Limited
Registration No: 01447831

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

Lilly House
Priestley Road
Basingstoke
Hampshire
RG24 9NL
United Kingdom

These financial statements were authorised for issue by the Board.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

Eli Lilly Group Limited is a limited liability company incorporated in England. The registered Office is Lilly House, Priestley Road, Basingstoke, Hampshire, RG24 9NL.

The financial statements of Eli Lilly Group Limited were approved for issue by the Board of Directors on the date shown on the Balance Sheet.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

- Name of the Parent group

The consolidated financial statements of Eli Lilly and Company can be obtained from Eli Lilly and Company, Lilly Corporate Centre, Indianapolis, Indiana, USA.

Eli Lilly Group Limited
Registration No: 01447831

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

Summary of disclosure exemptions

The company satisfies the criteria of being a qualifying entity under FRS 102. Its financial statements are consolidated into the financial statements of its ultimate parent, Eli Lilly and Company, which can be obtained from the address given in note 12. As such, advantage has been taken of the following exemptions under FRS 102 for qualifying entities:

- No cash flow statement has been presented for the company.
- Disclosure in respect of financial instruments have not been presented.
- No disclosure has been given for the aggregate remuneration of key management personnel.
- No related party disclosures relating to transactions with other wholly owned subsidiary undertakings of Eli Lilly and Company.

Group accounts not prepared

The company is exempt from the obligation to prepare group financial statements by virtue of section 401 of the Companies Act 2006. Consequently these financial statements present the results of the company as an individual undertaking and not of its group.

The results of the Company are included in the consolidated financial statements of Eli Lilly and Company, which is incorporated in the United States of America.

Tax

The tax expense for the period comprises current tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investments

Investments are valued at cost. The carrying values of investments in subsidiary undertakings are reviewed for impairment if events indicate that the carrying value may not be recoverable.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Dividend Income is recognised when the right to receive payment is established.

Eli Lilly Group Limited
Registration No: 01447831

Notes to the Financial Statements for the Year Ended 31 December 2018

3 Operating profit

All audit fees are paid by Eli Lilly and Company Limited.

4 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Interest payable on loans from group undertakings	<u>162</u>	<u>250</u>

The loan on which interest was payable was repaid in full in June 2018. See note 9.

5 Directors' remuneration

Directors' remuneration has been borne by Eli Lilly and Company Limited. The directors of the company are also directors or officers of other companies within the Eli Lilly and Company group and these directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2018 and 31 December 2017.

6 Taxation

Tax credited in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	<u>(31)</u>	<u>(48)</u>
Total current income tax	<u>(31)</u>	<u>(48)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit/(loss) before tax	<u>306,969</u>	<u>(250)</u>
Corporation tax at standard rate	58,324	(48)
Tax increase (decrease) from effect of dividends from UK companies	<u>(58,355)</u>	<u>-</u>
Total tax credit	<u>(31)</u>	<u>(48)</u>

Eli Lilly Group Limited
Registration No: 01447831

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Investments in subsidiaries, joint ventures and associates

	2018	2017
	£ 000	£ 000
Investments in subsidiaries	<u>103,223</u>	<u>103,223</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Eli Lilly Group Limited own 100% of the ordinary share capital of the following subsidiaries all of which are registered in England and Wales:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Eli Lilly and Company Limited	UK	Ordinary Share Capital	100%	100%
Lilly Industries Limited *	UK	Ordinary Share Capital	100%	100%
Eli Lilly (Basingstoke) Limited *	UK	Ordinary Share Capital	100%	100%
Eli Lilly Leasing Limited *	UK	Ordinary Share Capital	100%	100%
Eli Lilly Property Limited *	UK	Ordinary Share Capital	100%	100%
Eli Lilly Resources Limited *	UK	Ordinary Share Capital	100%	100%
Greenfield Pharmaceuticals Limited *	UK	Ordinary Share Capital	100%	100%
Lilly Property Limited *	UK	Ordinary Share Capital	100%	100%
Lilly Research Centre Limited *	UK	Ordinary Share Capital	100%	100%
Lilly Resources Limited *	UK	Ordinary Share Capital	100%	100%
Eli Lilly Group Pension Trustees Limited **	UK	Ordinary Share Capital	100%	100%

Eli Lilly Group Limited
Registration No: 01447831

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Investments in subsidiaries, joint ventures and associates (continued)

Dista Products Limited *	UK	Ordinary Share Capital	0%	100%
Elanco Europe Limited *	UK	Ordinary Share Capital	0%	100%
Vericore Limited *	UK	Ordinary Share Capital	0%	100%
Elanco Animal Health UK Limited *	UK	Ordinary Share Capital	0%	100%
Elanco Animal Vaccines Limited *	UK	Ordinary Share Capital	0%	100%

* Held through a subsidiary undertaking

** Held partly through subsidiary undertakings

Eli Lilly and Company Limited is principally engaged in the production and supply of pharmaceuticals. Eli Lilly Group Pension Trustees Limited acts as trustee of the Group's staff pension plan and has no trading activities.

The remaining subsidiaries at 31 December 2018 have no trading activities other than as attorneys for Eli Lilly and Company Limited. In the opinion of the directors the value of investments in subsidiary undertakings is not less than the amount stated above.

8 Debtors

	Note	2018 £ 000	2017 £ 000
Amounts due from subsidiary undertakings		<u>5,270</u>	<u>5,228</u>

There are no repayment terms for, or interest payable on, the amounts shown above.

9 Creditors

	Note	2018 £ 000	2017 £ 000
Due within one year			
Amounts due to subsidiary undertakings		<u>10</u>	<u>275</u>
Due after one year			
Amounts due to subsidiary undertakings		<u>-</u>	<u>53,102</u>

The amount falling due after more than one year being £53,102,000 at the end of 2017 from Kinsale Financial Services with the addition of 2018 accrued interest of £438,000, was repaid in full in June 2018. The loan repayment was funded by a dividend received from Eli Lilly and Company Limited.

Eli Lilly Group Limited
Registration No: 01447831

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Share capital

Authorised, Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>8,350</u>	<u>8,350</u>	<u>8,350</u>	<u>8,350</u>

11 Dividends

	2018	2017
	£ 000	£ 000
Final dividend paid £253,590,504 (2017 - £0)	<u>253,591</u>	<u>-</u>

12 Parent and ultimate parent undertaking

The company's immediate parent is Lilly Netherland Holding BV, incorporated in Netherlands.

The ultimate parent is Eli Lilly & Company, incorporated in United States of America.

These financial statements are available upon request from The consolidated financial statements of Eli Lilly & Company are those of the smallest and largest group of which the company is a member and for which consolidated financial statements are prepared. The consolidated financial statements can be obtained from Eli Lilly & Company, Lilly Corporate Center, Indianapolis, Indiana, USA.

The company has utilised the exemption under section 33 of Financial Reporting Standard 102 whereby a subsidiary undertaking does not have to disclose transactions with other entities that are wholly owned subsidiaries of the Eli Lilly & Company Group.