

Dealcyber Limited
(Registered number: 03541898)

Annual Report

for the year ended 31 December 2021

Registered office address:
980 Great West Road
Brentford
Middlesex
TW8 9GS
England



Dealcyber Limited
(Registered number: 03541898)

Annual Report

for the year ended 31 December 2021

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Dealcyber Limited
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Strategic report for the year ended 31 December 2021

The Directors present their Strategic report on Dealcyber Limited (the "Company") for the year ended 31 December 2021.

Principal activities and future developments

The Company is a member of the GSK Group (the "Group"). The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS, England.

The principal activity of the Company is ownership and management of UK headquarters. In October 2021, the Group announced that it will be moving to a new UK headquarters. The Group is in the process of identifying an appropriate site and expects to remain at the Group's current headquarters, 980 Great West Road in Brentford, until at least the end of 2023. The Group is actively marketing the sale of 980 Great West Road and following the sale, the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies.

Review of business

The Company made a loss for the financial year of £2,091,000 (2020: profit of £1,206,000). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable due to the financial support from GlaxoSmithKline Finance plc. The Directors have received confirmation that GlaxoSmithKline Finance plc intends to support the Company for at least one year after these financial statements are signed.

The loss for the year of £2,091,000 will be transferred from reserves (2020: profit for the year of £1,206,000 transferred to reserves).

Principal risks and uncertainties

The Directors of GSK plc manage the risks of the Group at a group level, rather than at an individual statutory entity 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 2021 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 an operating segment 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 2021 Annual Report which does not form part of this report.

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Strategic report for the year ended 31 December 2021 (continued)

Risks associated with COVID-19

The impact of the COVID-19 pandemic on the Group's performance and all its principal risks has been assessed with mitigations plans put in place. Further disclosures detailing how, during the year, the COVID-19 pandemic has impacted the Group can be found on page 54 of the consolidated financial statements of the Group. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

Post balance sheet events

Subsequent to the year end, the Group reclassified the property to assets held for sale as the property met the definition of IFRS 5. This was due to the active marketing of the property and an increased probability that it will be sold within 12 months.

Section 172 Companies Act 2006 Statement

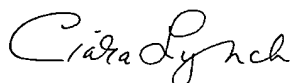
The Company's governance architecture and processes operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term priorities of Innovation, Performance and Trust.

In the performance of its duty to promote the success of the Company and the long-term priorities, the Board has agreed to a number of matters, including listening to and considering the views of shareholders and the Company's other stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate.

The Company has engaged with its main stakeholder groups, including our shareholders, consumers, customers and group employees, as further detailed in the stakeholder engagement statements in the Directors' report and the feedback from the engagement has been considered by the Directors during the decision-making process.

Further disclosures detailing how, during the year, the Directors addressed the matters set out in Section 172(1) (a) to (f) of the Companies Act, can be found in the consolidated financial statements of the Group, of which the Company is a member and no additional considerations are deemed necessary for the Company as the relevant matters are all considered in the Group accounts. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

For and on behalf of the board



C Lynch
Director
26 September 2022

Dealcyber Limited
(Registered number: 03541898)

Directors' report for the year ended 31 December 2021

The Directors present their report on the Company and the audited financial statements of the Company for the year ended 31 December 2021.

Results and dividends

The Company's results for the financial year are shown in the statement of comprehensive income on page 10.

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2021 (2020: £nil).

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
C Lynch

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. A Corporate Director is a legal entity of the Group, as opposed to a natural person (an individual) Director.

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.

In addition, each of the Directors who is an individual benefits from an indemnity given by another Group company, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by virtue of their engagement in the business of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report 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, comprising FRS 101 'Reduced Disclosure Framework', 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.

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Directors' report for the year ended 31 December 2021 (continued)

Statement of Directors' responsibilities (continued)

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, comprising FRS 101, 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. The Directors 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 pages 1 and 2:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators (KPIs);
- risks associated with COVID-19;
- post balance sheet events; and
- section 172 Companies Act 2006 Statement.

Stakeholder engagement

The Company aims to build enduring relationships with all its stakeholders in the countries where it operates. The Company works with its business partners in an honest, respectful and responsible way and seeks to work with others who share the Company's commitments to safety, ethics and compliance.

On behalf of the Company, the Group participates in industry associations that offer opportunities to share good practices and collaborate on issues of importance. Additionally, the Group works with stakeholders on a range of issues that are relevant to its business and relating to regulatory compliance matters.

Disclosure of information to auditor

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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Directors' report for the year ended 31 December 2021 (continued)

Going concern

In October 2021, the Group announced that it will be moving to a new UK headquarters. The Group is in the process of identifying an appropriate site and expects to remain at the Group's current headquarters, 980 Great West Road in Brentford, until at least the end of 2023. The Group is actively marketing the sale of 980 Great West Road and following the sale, the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies. The Directors have considered that as part of the Group, the Company has already received the necessary letter of support from GlaxoSmithKline Finance plc and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Independent auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

For and on behalf of the board

A handwritten signature in black ink, appearing to read 'C. Lynch', written in a cursive style.

C Lynch
Director
26 September 2022

Dealcyber Limited
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Independent auditor's report to the members of Dealcyber Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Dealcyber Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the members of Dealcyber Limited (continued)

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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Independent auditor's report to the members of Dealcyber Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included General Data Protection requirements, Anti-bribery and corruption policy and the Foreign Corrupt Practices Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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Independent auditor's report to the members of Dealcyber Limited (continued)

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.

The Company has passed a resolution in accordance with section 506 of the Companies Act that the senior statutory auditor's name should not be stated.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Reading, United Kingdom
27 September 2022

Dealcyber Limited
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Statement of comprehensive income
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover		14,625	14,625
Gross profit		14,625	14,625
Depreciation of investment property	8	(2,673)	(3,760)
Impairment of investment property	8	(11,385)	(6,820)
Other operating expense		(20)	(19)
Operating profit	4	547	4,026
Profit before interest and taxation		547	4,026
Finance expense	6	(19)	(81)
Profit before taxation		528	3,945
Taxation	7	(2,619)	(2,739)
(Loss)/ profit for the year		(2,091)	1,206

The results disclosed above for both the current year and prior year relate entirely to continuing operations.

The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement to present other comprehensive income has been prepared.

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Balance sheet
as at 31 December 2021

		2021 £'000	2020 £'000
Non-current assets	Notes		
Investment properties	8	64,742	78,800
Deferred tax assets	7	92	-
Total non-current assets		64,834	78,800
Current assets			
Trade and other receivables	9	3,657	3,657
Total assets		68,491	82,457
Current liabilities			
Trade and other payables	10	(3,470)	(15,296)
Corporation tax		(2,771)	(2,760)
Total current liabilities		(6,241)	(18,056)
Net current liabilities		(2,584)	(14,399)
Total assets less current liabilities		62,250	64,401
Non-current liabilities			
Deferred tax liabilities	7	-	(60)
Total liabilities		(6,241)	(18,116)
Net assets		62,250	64,341
Equity			
Share capital	11	27,538	27,538
Retained earnings		34,712	36,803
Shareholders' equity		62,250	64,341

The financial statements on pages 10 to 21 were approved by the Board of Directors on 26 September 2022 and signed on its behalf by:



C Lynch
Director

Dealcyber Limited
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Statement of changes in equity
for the year ended 31 December 2021

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2020		27,538	35,597	63,135
Profit and total comprehensive income for the year		-	1,206	1,206
At 31 December 2020		27,538	36,803	64,341
Loss and total comprehensive income for the year		-	(2,091)	(2,091)
At 31 December 2021		27,538	34,712	62,250

Dealcyber Limited
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Notes to the financial statements for the year ended 31 December 2021

1 Presentation of the financial statements

General information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS, England.

The principal activity of the Company is property management and development.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company has received a letter of support from GlaxoSmithKline Finance plc. which confirms its intention to provide financial support for at least twelve months from the date of signing off the financial statements. As a result of continued financial support, the Directors of the Company are satisfied that the going concern basis remains appropriate.

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

The financial statements are presented in Pounds Sterling.

Going concern

In October 2021, the Group announced that it will be moving to a new UK headquarters. The Group is in the process of identifying an appropriate site and expects to remain at the Group's current headquarters, 980 Great West Road in Brentford, until at least the end of 2023. The Group is actively marketing the sale of 980 Great West Road and following the sale, the Directors expect the Company's principal activity to become the holding of intercompany balances with other group companies. The Directors have considered that as part of the Group, the Company has already received the necessary letter of support from GlaxoSmithKline Finance plc and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101 to requirements set by the International Financial Reporting Standards (IFRS). Therefore these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';

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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- The requirements of paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7, 'Financial instruments: disclosures';
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
 - (iv) paragraph 76 and 79(d) of IAS 40, 'Investment property'; and
 - (v) paragraph 50 of IAS 41, 'Agriculture'.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows),
 - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirements for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third balance sheet),
 - 111 (cash flow statement information), and
 - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'.

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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

The financial statements of GSK plc can be obtained as described in note 2(b).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Ultimate and immediate parent company

The Company is a wholly owned subsidiary of the ultimate parent company. GSK plc, a company registered in United Kingdom (England), 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 GSK plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GSK plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham Limited. These financial statements are separate financial statements.

(c) Turnover

Turnover is recognised in the statement of comprehensive income when rental services are supplied to other Group subsidiaries. Rental services represents the single performance obligation in the contract on which the Company recognises turnover as the performance obligation is satisfied over time.

(d) Expenditure

Expenditure is recognised in respect of services received when supplied in accordance with contractual terms.

(e) Finance expense

Finance expenses are recognised on an accruals basis using the effective interest method.

(f) Investment properties

Investment properties comprise significant portions of freehold office buildings that are held for long-term rental yields and/or capital appreciation.

Investment properties, including plant and machinery, are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 10-20 years for plant and machinery and 20-50 years for buildings. Land is not depreciated. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the statement of comprehensive income.

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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(g) Impairment of non- current assets

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the statement of comprehensive income in the year concerned.

Impairment losses on non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

(h) Trade and other receivables

Trade and other receivables are carried at original invoice amount less allowance for expected credit losses. Expected credit losses are calculated in accordance with the approaches permitted by IFRS 9. For trade receivables, the simplified approach is used by using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the nature of the business unit and the location and type of customer.

For other receivables, the general approach is used where the Company recognises the losses that are expected to result from all possible default events over the expected life of the receivable, when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the receivable has not increased significantly since initial recognition, the Company measures the expected loss allowance based on losses that are expected to result from default events that are possible within 12 months after the reporting date. When a trade and other receivable is determined to be uncollectable it is written off, firstly against any expected credit loss allowance available and then to the statement of comprehensive income.

Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income. Long-term receivables are discounted where the effect is material.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method.

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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(k) Taxation

Current tax is provided at the amounts expected to be paid or refunded applying the rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(l) Share capital

Ordinary shares are classified as equity.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, Directors are required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates.

The Directors do not consider that there are any critical accounting judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements.

Impairment of investment property

Estimate

Investment properties are held at cost less accumulated depreciation and accumulated impairment losses. Annual impairment tests are carried out to ascertain if the carrying value of the investment property is higher than the recoverable amount. The recoverable amount is the higher of the value in use and the fair value less cost to sell.

To assess the recoverable amount the Directors have engaged a third party valuer to assess rental and investment comparables to derive an estimated capital value for the property on a vacant possession basis in accordance with the Royal Institute of Chartered Surveyors Red Book methodology. These assessments are inherently judgemental. Events driven by COVID-19 or other changes in work patterns that may impact demand for office space could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company. The key future uncertainties include the risk of a long term downward trend in the use of office space, being replaced by more remote working. Demand for office space may also be impacted by changing attitudes and behaviours as a result of the coronavirus outbreak, a societal shift to more environmentally friendly ways of working and increased capabilities of employees to work remotely from technological and infrastructure advancements, however the extent of such impacts are currently not known. These uncertainties may give rise to adverse valuation movements in subsequent accounting periods, resulting in further impairment charges.

The fair value has been calculated by an independent valuer undertaking analysis on trends in the market relating to investment and rental comparables. The independent valuer estimated that the value of the property was in the range of £83,000,000 to £86,300,000 depending on the scenario in which the buyer will occupy the property.

The valuation is based upon Level 3 inputs which represent the best available information for the property. The fair value was considered as the recoverable amount being higher than the value in use.

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Notes to the financial statements for the year ended 31 December 2021

4 Operating profit / (loss)

	2021 £'000	2020 £'000
The following items have been charged in operating profit / (loss):		
Depreciation of investment property	2,673	3,760
Impairment of investment property	11,385	6,820
Management fee	20	19

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 auditor's remuneration for auditing financial statements of £12,000 (2020: £11,000).

Operating profit / (loss) is stated after charging depreciation of £2,673,000 (2020: £3,760,000) in relation to a property that is generating income under a lease agreement with another Group company and Management service fee of £20,000 (2020: £19,000).

For impairment loss on investment property, refer to Note 8.

5 Employees

All UK employees 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 4). The Company has no employees (2020: nil).

6 Finance expense

	2021 £'000	2020 £'000
On loans with Group undertakings	(19)	(81)

7 Taxation

	2021 £'000	2020 £'000
Income tax charge on profit		
Current tax:		
UK corporation tax at 19.00% (2020: 19.00%)	2,771	2,760
Total current tax	2,771	2,760
Deferred tax:		
Origination and reversal of timing differences	(173)	(353)
Adjustments in respect of previous years	-	288
Effect of increased/decreased tax rate on opening balance	21	44
Total deferred tax	(152)	(21)
Total tax charge for the year	2,619	2,739

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Notes to the financial statements for the year ended 31 December 2021

7 Taxation (continued)

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £'000	2020 £'000
Reconciliation of total tax charge		
Profit / (loss) before tax	528	3,945
Tax at the UK standard rate 19.00% (2020: 19.00%)	100	749
Effects of:		
Expenses not deductible for tax purposes	2,540	1,658
Remeasurement of deferred tax - change in tax rate	(21)	44
Adjustments to tax charge in respect of previous years	-	288
Total tax charge for the year	2,619	2,739

Factors that may affect future tax charges:

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

Movement in deferred tax assets	Accelerated capital allowances £'000
At 1 January 2020	(82)
Credit to the statement of comprehensive income	21
At 1 January 2021	(60)
Credit to the statement of comprehensive income	152
At 31 December 2021	92

After offsetting deferred tax assets and liabilities where appropriate, the net deferred tax asset comprises:

	2021 £'000	2020 £'000
Deferred tax assets classified as non-current assets	92	(60)

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Notes to the financial statements for the year ended 31 December 2021

8 Investment properties

	Total £'000
Cost	
At 1 January 2020, 31 December 2020 and 31 December 2021	200,745
Accumulated depreciation	
At 1 January 2020	(82,322)
Charge for the year	(3,760)
At 31 December 2020	(86,082)
Charge for the year	(2,673)
At 31 December 2021	(88,755)
Accumulated impairment	
At 1 January 2020	(29,043)
Charge for the year	(6,820)
At 31 December 2020	(35,863)
Charge for the year	(11,385)
At 31 December 2021	(47,248)
Total depreciation and impairment at 31 December 2021	(136,003)
Net book value at 31 December 2020	78,800
Net book value at 31 December 2021	64,742

The net book value at 31 December 2021 of the Company's investment properties comprises of land of £14,072,187 (2020: £16,546,778) freehold properties of £50,667,770 (2020: £61,563,546) and installed plant and equipment of £2,247 (2020: £689,676). Following an assessment by an independent valuation expert the management have estimated that the fair value of the property including £2,100,000 of deductions to cover costs of selling the building, results in a total fair value of £80,900,000. The fair value of the the freehold property, including plant and machinery that the company owns is £64,742,205 (2020 £78,800,000). There is additional plant and equipment and fixtures and fittings of £16,157,795 that is held in another group company. The investment property was impaired by £11,385,000 (2020: £6,820,000) following an assessment by an independent valuation expert on a market value basis which concluded that the carrying value of the asset was not wholly supported by the recoverable amount of the investment property. In arriving at their estimates of market value, the valuation experts have used their market knowledge and professional judgement and not only relied on historical transactions. Please refer to note 3 for further details.

In October 2021, the Group announced that it will be moving to a new UK headquarters. The Group is in the process of identifying an appropriate site and expects to remain at the Group's current headquarters, 980 Great West Road in Brentford, until at least the end of 2023. The Group is actively marketing the sale of 980 Great West Road.

The property is leased out to another member of the Group under an operating lease that commenced on 1 January 2004. No lease incentives were offered on signing of the lease and no amount in relation to contingent rents have been recognised in the statement of comprehensive income. Obligations with regard to repairs and maintenance are split between the lessor and lessee. Costs that are more capital in nature are borne by the Company, whereas general day to day repairs and maintenance are the responsibility of the lessee.

Investment properties, including plant and machinery, are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 10-20 years for plant and machinery and 20-50 years for buildings. Land is not depreciated.

The operating lease can be terminated by either party at six months' notice. Based on a non-cancellable lease term of six months, the future minimum operating lease rental income from this lease are:

	2021 £'000	2020 £'000
Not later than one year	7,313	7,313

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Notes to the financial statements for the year ended 31 December 2021

9 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due within one year		
Amounts owed by Group undertakings	3,657	3,657

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand.

10 Trade and other payables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	3,470	15,296

Amounts owed to the group undertakings are for a call account balance with GlaxoSmithKline IHC Limited of £703,000 (2020: £12,537,000) and GlaxoSmithKline International Limited of £2,767,000 (2020: £2,759,000) which were unsecured and repayable on demand with interest paid at LIBOR rate plus 0.25% per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.10% per annum (2020: LIBOR rate plus 0.25% per annum).

11 Share capital

	2021 Number of shares	2020 Number of shares	2021 £'000	2020 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2020: £1 each)	27,537,839	27,537,839	27,538	27,538

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 2021 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 Events after the end of the reporting period

Subsequent to the year end, the Group reclassified the property to assets held for sale as the property met the definition of IFRS 5. This was due to the active marketing of the property and an increased probability that it will be sold within 12 months.

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 (2020: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2020: £nil).

15 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GSK plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced disclosure framework' not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.