

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Annual Report

for the year ended 31 December 2021



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

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Annual report

for the year ended 31 December 2021

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ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Strategic report for the year ended 31 December 2021

The Directors present their strategic report on ViiV Healthcare Trading Services UK Limited (the "Company") for the year ended 31 December 2021.

Principal activities and future developments

The Company is a member of the ViiV Healthcare Group (the "Group") of which 78.3% is owned by GlaxoSmithKline Mercury Limited, a member of the GSK Group of companies (the "GSK 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.

The principal activity of the Company during the financial year was the promotion and sale of HIV related pharmaceuticals in overseas countries. The pharmaceutical products are purchased from subsidiaries of GSK plc and third parties. The Company is responsible for exporting products of the Group within the Group and to the GSK Group. The Company is also responsible for certain imports from overseas subsidiaries of the Group and the GSK Group. The Company operates an overseas branch in Singapore.

The Group does not hold or issue derivatives for speculative purposes and its treasury policies specifically prohibit such activity. All transactions in financial instruments are undertaken to manage the risks arising from underlying business activities.

Review of business

The Company made a profit for the financial year of £8,615,000 (2020: profit of £14,434,000). This decrease in profit is due to Nil finance income during the year 2021 as the Company ceased to centralise the cash-pooling of the ViiV Group and this activity is now performed by ViiV Healthcare Finance Limited. The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The profit for the year of £8,615,000 will be transferred to reserves (2020: profit for the year of £14,434,000 transferred to reserves).

Principal risks and uncertainties

The Directors of ViiV Healthcare Limited and its subsidiaries 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 ViiV Healthcare Limited'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 ViiV Healthcare Limited's 2021 annual report which does not form part of this report.

ViiV Healthcare Trading Services UK Limited
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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 its principal risks has been assessed with mitigation plans put in place. Further disclosures detailing how, during the year, the COVID-19 pandemic has impacted the GSK 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, GSK plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

Post balance sheet events

On 30 June 2022, the Company declared an interim dividend of £9 million to its parent company, ViiV Healthcare Limited.

Section 172 Companies Act 2006 statement

The Company's governance architecture and processes are 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 patients, 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 GSK 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 GSK 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.

On behalf of the Board



J Anderson

Director

30 June 2022

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Directors' report for the year ended 31 December 2021

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

Results and dividends

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

On 12 July 2021, the Company declared an interim dividend of £37 million to its parent company, ViiV Healthcare Limited which was paid on 31 August 2021. (2020: £nil).

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

Financial instruments

The Company has entered into a foreign currency forward contract to hedge a foreign exchange risk arising from its investment in subsidiary companies based overseas. Detailed disclosures are not provided in the financial statements as the Company has taken advantage of the exemption from disclosure under FRS 101. Details of financial risk management are disclosed in Note 2(n).

The Company has entered into foreign currency swap contracts in order to swap inter-company loans into the Company's reporting currency. Detailed disclosures are not provided in the financial statements as the Company has taken advantage of the exemption from disclosure under FRS 101. Details of financial risk management are disclosed in Note 2(n).

Branches

The Company operates a branch office in Singapore by the name of ViiV Healthcare Trading Services UK Limited - Singapore.

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:

D Waterhouse
K Grainger
C MacDiarmid
J Anderson
A 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.

Directors' indemnity

Each of the Directors who are employed by the Group benefits from an indemnity given by a Group undertaking, ViiV Healthcare Limited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of their engagement in the business of the Company.

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

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

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 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.

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, including 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.

Modern Slavery

The Company's approach to the Modern Slavery Act 2015 is set by the Group. Each year, as part of their governance arrangements, the Group formally reviews and approves the approach to the Modern Slavery Act 2015 and has confirmed that the approach is still valid for 2021.

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

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

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.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included operational risks to holding and transporting inventory. The Directors have taken into account that as part of the GSK Group, the Company has the ability to request support from the GSK Group where necessary 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,

On behalf of the Board



J Anderson
Director
30 June 2022

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Independent auditor's report to the members of ViiV Healthcare Trading Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of ViiV Healthcare Trading Services UK 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 profit 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 properly prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 20.

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.

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Independent auditor's report to the members of ViiV Healthcare Trading Services UK Limited
(continued)

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.

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 Statement of directors' responsibilities, 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.

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Independent auditor's report to the members of ViiV Healthcare Trading Services UK 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.

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Independent auditor's report to the members of ViiV Healthcare Trading Services UK 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
London, United Kingdom
1st July 2022

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Income statement
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	3,963,733	3,812,733
Cost of sales		(3,919,302)	(3,741,243)
Gross profit		44,431	71,490
Selling and distribution costs		(23,627)	(39,305)
Administrative expenses		(2,944)	(2,420)
Other operating expense		(6,684)	(16,462)
Operating profit	5	11,176	13,303
Finance income	7	-	8,476
Finance expense	8	(567)	(3,944)
Net finance (expense) / income		(567)	4,532
Profit before taxation		10,609	17,835
Taxation	9	(1,994)	(3,401)
Profit for the year		8,615	14,434

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

ViiV Healthcare Trading Services UK Limited
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Statement of other comprehensive income
for the year ended 31 December 2021

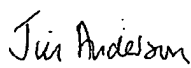
	2021	2020
	£'000	£'000
Profit for the year	8,615	14,434
Items that may be subsequently reclassified to the income statement:		
Exchange movements on conversion of foreign currency to functional currency	(18)	36
Other comprehensive (expense) / income for the year	(18)	36
Total comprehensive income for the year	8,597	14,470

ViiV Healthcare Trading Services UK Limited
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Balance sheet
as at 31 December 2021

		2021	2020
	Notes	£'000	£'000
Non-current assets			
Deferred tax assets	9	88	81
Current assets			
Inventories	11	15,176	14,597
Trade and other receivables	12	317,945	604,259
Corporation tax		293,425	218,038
Derivative financial instruments	13	-	184
Cash and cash equivalents		1,075	3,340
Total current assets		627,621	840,418
Total assets		627,709	840,499
Current liabilities			
Trade and other payables	14	(616,753)	(801,163)
Derivative financial instruments	13	(280)	-
Accruals and deferred income	15	(1,428)	(1,685)
Total current liabilities		(618,461)	(802,848)
Net current assets		9,160	37,570
Total assets less current liabilities		9,248	37,651
Total liabilities		(618,461)	(802,848)
Net assets		9,248	37,651
Equity			
Share capital	16	-	-
Retained earnings		9,248	37,651
Shareholder's equity		9,248	37,651

The financial statements on pages 10 to 24 were approved by the Board of Directors on 30 June 2022 and were signed on its behalf by:


J Anderson
Director

ViiV Healthcare Trading Services UK Limited
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Statement of changes in equity
for the year ended 31 December 2021

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2020	-	23,181	23,181
Profit for the year	-	14,434	14,434
Other comprehensive income	-	36	36
Total comprehensive income for the year	-	14,470	14,470
At 31 December 2020	-	37,651	37,651
Profit for the year	-	8,615	8,615
Other comprehensive expense	-	(18)	(18)
Total comprehensive income for the year	-	8,597	8,597
Dividends to shareholders	-	(37,000)	(37,000)
At 31 December 2021	-	9,248	9,248

ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

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.

The principal activity of the Company during the financial year was the promotion and sale of HIV related pharmaceuticals in overseas countries. The pharmaceutical products are purchased from subsidiaries of GSK plc and third parties. The Company is responsible for exporting products of the Group within the Group and to the GSK Group. The Company is also responsible for certain imports from overseas subsidiaries of the Group and the GSK Group.

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").

These financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of derivative financial assets and liabilities at fair value through profit and loss, financial assets at fair value through other comprehensive income and equity investments, and in accordance with the Companies Act 2006.

The financial statements are presented in Pounds Sterling.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included operational risks to holding and transporting inventory. The Directors have taken into account that as part of the GSK Group, the Company has the ability to request support from the GSK Group where necessary 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';
- The requirements of paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7, 'Financial instruments: disclosures';

ViiV Healthcare Trading Services UK Limited
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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 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'.

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

The preparation of financial statements in conformity with IFRS 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.

ViiV Healthcare Trading Services UK Limited
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Notes to the financial statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a 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 ViiV Healthcare Limited. These financial statements are separate financial statements.

(c) Foreign currency transactions

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the income statement. The functional and presentation currency of the Company is Pounds Sterling.

On consolidation, assets and liabilities of the overseas branch is translated into Sterling at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves. The Company retranslated its overseas branch results using the following rates (i) average rate of £1: SGD1.80 and (ii) period end rate of £1: SGD1.78.

(d) Turnover

The Company recognises turnover for supply of goods to external customers or other Group companies against orders received. The majority of contracts that the Company enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products. The average duration of fulfilling a sales order is less than 12 months.

Turnover is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement.

Product turnover represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Turnover is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative turnover recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, turnover is adjusted accordingly. Value added tax and other sales taxes are excluded from turnover.

(e) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising expenditure is charged to the income statement as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Distribution costs on sales to customers are included in selling and distribution costs in the income statement.

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

2 Summary of significant accounting policies (continued)

(f) Dividends paid

Interim dividends paid are deducted from reserves in the year in which they are paid. Final dividends are recorded in the reserves upon shareholder approval.

(g) Finance income and expense

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

(h) Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads, where appropriate) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is generally determined on a first in, first out basis. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product. Before that point a provision is made against the carrying value to its recoverable amount; the provision is then reversed at the point when a high probability of regulatory approval is determined.

(i) 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 entity 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 entity 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 income statement.

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

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

2 Summary of significant accounting policies (continued)

(j) 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.

(k) 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.

(l) 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 on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(m) Derivative financial instruments and hedging

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Company are foreign exchange forward contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial assets and liabilities are classified as held-for-trading and are measured at fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Derivatives designated as hedging instruments are classified on inception as cash flow hedges or fair value hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in profit or loss immediately. Amounts deferred in other comprehensive income are reclassified to the income statement when the hedged item affects profit or loss.

Changes in the fair value of derivatives designated as fair value hedges are recorded in the income statement, together with the changes in the fair value of the hedged asset or liability.

(n) Share capital

Ordinary shares are classified as equity.

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

3 Critical accounting judgements and key sources of estimation uncertainty

The Directors do not consider that there are any critical accounting judgements 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. There have been no significant estimates or assumptions which are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 Turnover

Analysis of turnover by geography:

	2021 £'000	2020 £'000
USA	2,537,857	2,431,047
Europe	1,299,195	1,223,815
Rest of World	126,681	157,871
	3,963,733	3,812,733

Turnover includes sales made to third parties amounting to £nil within UK and £5 million outside UK. The Company operates in only one business sector being the sale of HIV related pharmaceutical products.

5 Operating profit

	2021 £'000	2020 £'000
The following items have been charged in operating profit:		
Exchange losses on foreign currency transactions	6,248	11,832
Cost of inventories included in cost of sales	3,918,298	3,740,748
Write-down of inventories	1,004	495
Audit fees	46	46

6 Employees

All branch personnel providing services to the Company were remunerated by the Company. The Company has no UK employees (2020: nil). The following are the costs directly incurred by the Singapore branch for its employees.

Employee costs	2021 £'000	2020 £'000
Wages and salaries	1,110	1,379
Social security costs	42	27
	1,152	1,406

The average monthly number of persons employed by the Company (including Directors during the year)

	2021	2020
Selling, general and administration	4	5
Research and development	2	3
	6	8

The average number of employees exclude temporary and contract staff.

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

7 Finance income

	2021	2020
	£'000	£'000
On loans with Group undertakings	-	8,383
Gains on foreign exchange trading	-	93
Total finance income	-	8,476

The finance income is nil in the current year due to the fact that as of mid-2020, the Company ceased to centralise the cash-pooling of the ViiV Group - that activity is now performed by ViiV Healthcare Finance Limited, so 2021 is the first full year where the Company hasn't earned any Finance income in this regard.

8 Finance expense

	2021	2020
	£'000	£'000
On loans with Group undertakings	(457)	(3,136)
Bank charges	(33)	(47)
Losses on derivative financial instruments	(77)	(761)
Total finance expense	(567)	(3,944)

Finance expense is incurred on call account balance with ViiV Healthcare Finance Limited at LIBOR rate plus 0.25% per annum up to 31 October 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.1% (2020: LIBOR rate plus 0.25% per annum).

9 Taxation

	2021	2020
	£'000	£'000
Income tax expense on profit		
Current tax:		
UK corporation tax at 19% (2020: 19%)	2,001	3,372
Double tax relief	(64)	-
Overseas tax	50	-
Adjustments in respect of previous years	(3)	(28)
Adjustments in respect of previous years - overseas tax	17	39
Total current tax	2,001	3,383
Deferred tax:		
Origination and reversal of timing differences	19	18
Change in tax rate - impact on deferred tax	(26)	-
Total deferred tax	(7)	18
Total tax charge for the year	1,994	3,401

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

9 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% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Reconciliation of total tax charge		
Profit on ordinary activities before tax	10,609	17,835
Tax on ordinary activities at the UK statutory rate 19% (2020: 19.00%)	2,016	3,389
Effects of:		
Overseas tax	(14)	
Adjustments to tax charge in respect of previous years	14	12
Remeasurement of deferred tax - change in tax rate	(22)	-
Total tax charge for the year	1,994	3,401

Factors that may affect future tax rates:

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	Total Deferred taxation £'000
At 1 January 2021	81	81
Credit to income statement	7	7
At 31 December 2021	88	88

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	88	81
	88	81

10 Dividends paid

	£ per share	£ '000
Dividends paid in 2021		
Dividend paid on 31 August 2021	37,000	37,000
Dividends paid in 2020	-	-

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

11 Inventories

	2021 £'000	2020 £'000
Finished goods	15,176	14,597
	15,176	14,597

12 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due within one year		
Trade receivables	(1)	806
Amounts owed by GSK Group undertakings	147,898	298,001
Amounts owed by Group undertakings	156,605	304,544
Other debtors	13,443	908
	317,945	604,259

The amounts owed by Group undertakings and GSK Group undertakings are unsecured, interest free and repayable on demand and with GlaxoSmithKline Finance plc of £1,016,000 (2020: £251,372,000) with interest received at LIBOR rate less 0.125% per annum up to 31 October 2021. From 1 November 2021, the interest rate changed to SONIA rate less 0.025% per annum (2020: LIBOR rate less 0.125% per annum).

13 Derivative financial instruments

The Company has forward foreign exchange contracts with the following fair values at the end of the year:

	2021 £'000		2020 £'000	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts - cash flow hedges	-	280	184	-
Current portion	-	280	184	-

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding derivative instruments at 31 December 2021 were £87,515,661 (2020: £152,243,680).

These derivative financial instruments are used to mitigate exposure to foreign exchange transactional risks. The derivative financial instruments are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The valuations of derivative financial instruments are based on the present value of net contractual cash flows using market sourced data (exchange rates).

All outstanding contracts have a maturity of 12 months or less.

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

14 Trade and other payables

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade payables	50,995	47,995
Amounts owed to GSK Group undertakings	93,539	116,148
Amounts owed to Group undertakings	472,188	633,459
Other payables	31	3,561
	616,753	801,163

The amounts owed to Group undertakings and GSK Group undertakings are unsecured, interest free and repayable on demand except for a call account balance with ViiV Healthcare Finance Limited amounting to £193,393,000 (2020: £596,979,000) which is unsecured and repayable on demand with interest paid at LIBOR rate plus 0.25% per annum up to 31 October 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.1% per annum (2020: LIBOR rate plus 0.25% per annum).

15 Accruals and deferred income

	2021	2020
	£'000	£'000
Amounts falling due within one year	1,428	1,685
	1,428	1,685

16 Share capital

	2021	2020	2021	2020
	Number of shares	Number of shares	£'000	£'000
Issued and fully paid				
Ordinary Shares of £1 each (2020: £1 each)	1	1	-	-

17 Contingent liability

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.

18 Events after the end of reporting period

On 30 June 2022, the Company declared an interim dividend of £9 million to its parent company, ViiV Healthcare Limited.

19 Directors' remuneration

During the year, the Directors of the Company were remunerated as executives of the Group. They received no remuneration in respect of their services to the Company (2020: £nil).

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

20 Related party transactions

The Company has taken advantage 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. The related party transactions that do not qualify for exemptions are detailed below.

The Company is a wholly owned subsidiary of ViiV Healthcare Limited which is operated as a collaborative venture, 78.3% owned by GlaxoSmithKline Mercury Limited (a member of the GSK Group), 10.7% by PHIVCO Luxembourg Sarl., 1.0% by PHIVCO Corp. (both members of the Pfizer group) and 10.0% by Shionogi Limited. During the year, the Company undertook significant transactions with entities within the Group and the GSK Group.

Entities from within the GSK Group were engaged to provide support function services to the Company under 'Support Services Agreements' including: financial management and reporting; human resources; payroll services; IT support; property management; legal services; contract manufacturing; management of the Group's UK pension schemes; and management of the Group's employee share schemes. In addition, the Company operates separate agreements with GSK Group companies for the provision of research and development and for toll-manufacturing services.

The table below outlines the amounts of the significant relevant transactions and significant outstanding amounts at the end of the financial year.

	GSK Group		Pfizer Group	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Sale of Goods	376,203	540,951	4,827	5,827
Purchase of Goods	97,604	199,412	7,923	8,587
Trade receivables at the end of the year	147,898	298,001	-	-
Trade payables at the end of the year	93,539	116,148	-	979