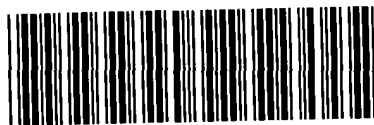


ViiV Healthcare Trading Services UK Limited
(Registered number: 06982415)

Annual Report

for the year ended 31 December 2020

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COMPANIES HOUSE

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 2020

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

Strategic report for the year ended 31 December 2020

The Directors present their Strategic report on ViiV Healthcare Trading Services UK Limited (the "Company") for the year ended 31 December 2020.

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 GlaxoSmithKline 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 GlaxoSmithKline 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 £14,434,000 (2019: profit of £22,996,000). 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 £14,434,000 will be transferred to reserves (2019: profit for the year of £22,996,000 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 2020 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 2020 annual report which does not form part of this report.

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

Strategic report for the year ended 31 December 2020 (continued)

Impact of Brexit

The UK left the EU on 31 January 2020 and the Brexit transition period ended on 31 December 2020 with a Trade and Cooperation Agreement ('a deal') in place between the UK and EU. The Group's overriding priority in preparing for the UK's exit from the EU has been to maintain continuity of supply of our medicines and vaccines to people in the UK and EU. The Group's post-Brexit operating model has been implemented, and we continue to work closely with Governments in both the UK and EU, as well as our third parties, on the effective implementation of the deal and to ensure that our sector continues to thrive in both the UK and EU. Over the longer term, we continue to believe that Brexit will not have a material impact on our business.

Risks associated with COVID-19

The potential impact of the COVID-19 pandemic on the Group's performance and all its principal risks have been assessed with mitigation plans put in place. The Group continues to monitor the situation closely, as this continues to be a dynamic and an uncertain situation, with the ultimate severity, duration and impact unknown at this point including potential impacts on its activity.

Post balance sheet events

On 12 July 2021, the Company declared an interim dividend of £37 million to its parent company, ViiV Healthcare Limited.

Section 172 Companies Act 2006 statement

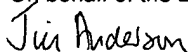
The Company's governance architecture and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term priorities of Innovation, Performance and Trust.

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, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

On behalf of the Board



J Anderson

Director

12 July 2021

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

Directors' report for the year ended 31 December 2020

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The Company's results for the financial year are shown in the income statement on page 9.

No interim dividend was paid to the holders of ordinary shares during 2020 (2019: £81,500,000 was proposed on 29 July 2019 and paid on 30 September 2019).

No final dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2020 (2019: £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 2020 (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);
- impact of Brexit;
- 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 2020.

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

Directors' report for the year ended 31 December 2020 (continued)

Corporate Governance

As a subsidiary company of the Group which is listed on the New York and London Stock Exchanges, the Company has chosen to follow the developed governance practices and processes of the group that are fit for purpose rather than a Corporate Governance code.

The Directors have applied an undocumented system of governance by:

- (a) Promoting the purpose of the GSK Group to deliver manufacturing and distribution of medicines through its subsidiaries' operations.
- (b) Regularly reviewing its composition to ensure that it has an appropriately diverse balance of skills, backgrounds, experience and knowledge and that individual Directors have sufficient capacity to make a valuable contribution.
- (c) To support effective decision-making Directors take into account the System of Internal Control and the Code of Conduct when acting in their capacity as a Director of the Company.
- (d) In accordance with the governance practices and processes that it adopts, the Board is supported by Systems of Internal Control to identify opportunities to create and preserve value.
- (e) Having regard to and fostering good stakeholder relationships.

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.

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 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.

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

Independent auditor

Deloitte LLP were appointed to act as the Company's auditor pursuant to section 485(3) Companies Act 2006.

On behalf of the Board

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

J Anderson
Director
12 July 2021

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 2020 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.

We considered as part of our risk assessment the nature of the Company and its subsidiaries, its business model and related risks including where relevant the impact of COVID-19, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

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 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.

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 Auditors
London, United Kingdom
14th July 2021

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

Income statement
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Turnover	4	3,812,733	4,334,122
Cost of sales		(3,741,243)	(4,292,459)
Gross profit		71,490	41,663
Selling and distribution costs		(39,305)	(17,695)
Administrative expenses		(2,420)	(4,374)
Other operating expense		(16,462)	(9,554)
Operating profit	5	13,303	10,040
Finance income	7	8,476	40,070
Finance expense	8	(3,944)	(21,614)
Net finance income		4,532	18,456
Profit before taxation		17,835	28,496
Taxation	9	(3,401)	(5,500)
Profit for the year		14,434	22,996

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

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

Statement of other comprehensive income
for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Profit for the year	14,434	22,996
Items that may be subsequently reclassified to the income statement:		
Exchange movements on conversion of foreign currency to functional currency	36	28
Other comprehensive income for the year	36	28
Total comprehensive income for the year	14,470	23,024

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

Balance sheet
as at 31 December 2020

		2020	2019
	Notes	£'000	£'000
Non-current assets			
Deferred tax assets	9	81	99
Current assets			
Inventories	11	14,597	17,629
Trade and other receivables	12	604,259	3,039,308
Corporation tax		218,038	62,389
Derivative financial instruments	13	184	-
Cash and cash equivalents		3,340	75,900
Total current assets		840,418	3,195,226
Total assets		840,499	3,195,325
Current liabilities			
Trade and other payables	14	(801,163)	(3,167,805)
Derivative financial instruments	13	-	(61)
Accruals and deferred income	15	(1,685)	(4,278)
Total current liabilities		(802,848)	(3,172,144)
Net current assets		37,570	23,082
Total assets less current liabilities		37,651	23,181
Total liabilities		(802,848)	(3,172,144)
Net assets		37,651	23,181
Equity			
Share capital	16	-	-
Retained earnings		37,651	23,181
Shareholder's equity		37,651	23,181

The financial statements on pages 11 to 25 were approved by the Board of Directors on 12 July 2021 and were signed on its behalf by:

Jin Anderson

J Anderson
Director

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

Statement of changes in equity
for the year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2019	-	81,657	81,657
Profit for the year	-	22,996	22,996
Other comprehensive income	-	28	28
Total comprehensive income for the year	-	23,024	23,024
Dividends to shareholders	-	(81,500)	(81,500)
At 31 December 2019	-	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

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

Notes to the financial statements for the year ended 31 December 2020

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 GlaxoSmithKline 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
(Registered number: 06982415)

Notes to the financial statements for the year ended 31 December 2020

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 GlaxoSmithKline 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.

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Notes to the financial statements for the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a subsidiary of the ultimate parent company. GlaxoSmithKline 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 GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline 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 Pounds 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, vaccine and consumer healthcare 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 2020

2 Summary of significant accounting policies (continued)

(f) Royalty income and expenses

The Company out-licenses the Company's rights to compounds, products or trademarks to other parties or other Group subsidiaries. These contracts give rise to fixed and variable consideration from royalties. Sales-based royalties on a license of intellectual property are not recognised until the relevant product sale occurs. Royalty income and expenses are recognised in other operating income and expenses.

(g) 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.

(h) Finance income and expense

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

(i) 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.

(j) 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 2020

2 Summary of significant accounting policies (continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Share capital

Ordinary shares are classified as equity.

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Notes to the financial statements for the year ended 31 December 2020

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:

	2020 £'000	2019 £'000
USA	2,431,047	2,873,712
Europe	1,223,815	1,156,778
Rest of World	157,871	303,632
	3,812,733	4,334,122

Turnover includes sales made to third parties amounting to £nil within UK and £7 million outside UK. The Company operates in only one business sector being the sale of HIV related pharmaceutical products.

5 Operating profit

	2020 £'000	2019 £'000
The following items have been charged in operating profit:		
Exchange losses on foreign currency transactions	11,832	8,572
Cost of inventories included in cost of sales	3,740,748	4,291,930
Write-down of inventories	495	529
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 (2019: nil). The following are the costs directly incurred by the Singapore branch for its employees.

	2020 £'000	2019 £'000
Employee costs		
Wages and salaries	1,379	2,083
Social security costs	27	17
	1,406	2,100

The average monthly number of persons employed by the Company (including Directors during the year)	2020	2019
Selling, general and administration	5	5
Research and development	3	3
	8	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 2020

7 Finance income

	2020	2019
	£'000	£'000
On loans with Group undertakings	8,383	39,523
Gains on foreign exchange trading	93	315
Third party interest income	-	232
Total finance income	8,476	40,070

8 Finance expense

	2020	2019
	£'000	£'000
On loans with Group undertakings	3,136	20,465
Bank charges	46	-
Losses on derivative financial instruments	761	1,149
Total finance expense	3,944	21,614

9 Taxation

	2020	2019
	£'000	£'000
Income tax expense on profit		
Current tax:		
UK corporation tax	3,372	5,393
Adjustments in respect of previous years	(28)	79
Adjustments in respect of previous years - foreign tax	39	19
Total current tax	3,383	5,491
Deferred tax:		
Origination and reversal of timing differences	18	22
Change in tax rate - impact on deferred tax	0	(13)
Total deferred tax	18	9
Total tax charge for the year	3,401	5,500

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Reconciliation of total tax charge		
Profit on ordinary activities before tax	17,835	28,496
Tax on ordinary activities at the UK statutory rate 19% (2019: 19.00%)	3,389	5,415
Effects of:		
Adjustments to tax charge in respect of previous years	12	98
Rate difference in respect of deferred tax	0	(13)
Total tax charge for the year	3,401	5,500

Factors that may affect future tax rates:

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Notes to the financial statements for the year ended 31 December 2020

9 Taxation (continued)

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2020 has been calculated at 19% (2019: 19%).

An intention to increase the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced in the UK Budget on 3 March 2021. Deferred taxes have been measured using appropriate rates substantively enacted at the balance sheet date. The overall effect of the proposed changes from 19% to 25%, if these applied to the deferred tax balance at 31 December 2020, would be an increase in the deferred tax asset by approximately £26k.

Movement in deferred tax assets

	Accelerated capital allowances £'000	Total Deferred taxation £'000
At 1 January 2020	99	99
Charge to income statement	(18)	(18)
At 31 December 2020	81	81

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

	2020 £'000	2019 £'000
Deferred tax assets classified as non-current assets	81	99
	81	99

10 Dividends paid

	£ per share	£ '000
Dividends paid in 2020	-	-
Dividends paid in 2019		
30 September 2019	81,500	81,500

11 Inventories

	2020 £'000	2019 £'000
Finished goods	14,597	17,629
	14,597	17,629

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Notes to the financial statements for the year ended 31 December 2020

12 Trade and other receivables

	2020	2019
	£'000	£'000
Amounts due within one year		
Trade receivables	806	-
Amounts owed by GSK Group undertakings	298,001	576,877
Amounts owed by Group undertakings	304,544	2,456,712
Other debtors	908	5,719
	604,259	3,039,308

The amounts owed by Group undertakings and GSK Group undertakings are unsecured, interest free and repayable on demand except for a call account balance with a number of Group entities amounting to £nil (2019: £2,274,381,000) and with GlaxoSmithKline Finance plc of £251,372,000 (2019: £500,296,000). Interest on call account balances is based on a weekly LIBOR rate, with some agreements also including a margin. These amounts are repayable on demand.

13 Derivative financial instruments

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

	2020		2019	
	£'000		£'000	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts - cash flow hedges	184	-	-	61
Current portion	184	-	-	61

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 2020 were £152,243,680 (2019: £264,667,202).

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.

14 Trade and other payables

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Trade payables	47,995	36,694
Amounts owed to GSK Group undertakings	116,148	97,122
Amounts owed to Group undertakings	633,459	3,033,470
Other payables	3,561	519
	801,163	3,167,805

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Notes to the financial statements for the year ended 31 December 2020

14 Trade and other payables (continued)

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 a number of Group entities amounting to £596,979,000 (2019: £3,311,165,000) for which interest is payable at LIBOR rate plus 0.25% (2019: LIBOR rate plus 0.25%) per annum and repayable on demand.

15 Accruals and deferred income

	2020 £'000	2019 £'000
Amounts falling due within one year	1,685	4,278
	1,685	4,278

16 Share capital

	2020 Number of shares	2019 Number of shares	2020 £'000	2019 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2019: £1 each)	1	1	-	-

Contingent liability

17 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 2020 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 12 July 2021, the Company declared an interim dividend of £37 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 (2019: £nil).

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Notes to the financial statements for the year ended 31 December 2020

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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Sale of Goods	540,951	521,128	5,827	1,932
Purchase of Goods	199,412	201,328	8,587	12,347
Trade receivables at the end of the year	298,001	576,877	-	1,932
Trade payables at the end of the year	116,148	97,122	979	1,950