

**ViiV Healthcare UK Limited**  
(Registered number: 06990358)

**Annual report**

**for the year ended 31 December 2022**

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

**ViiV Healthcare UK Limited**  
**(Registered number: 06990358)**

**Annual report**

**for the year ended 31 December 2022**

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**ViiV Healthcare UK Limited**  
(Registered number: 06990358)

## **Strategic report for the year ended 31 December 2022**

The Directors present their strategic report on ViiV Healthcare UK Limited (the "Company") for the year ended 31 December 2022.

### **Principal activities and future developments**

The Company is a wholly owned subsidiary 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, England.

The principal activities of the Company are marketing, distribution and selling of HIV products, as well as the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Company which may include but is not limited to, licensing out intellectual property rights relating to pharmaceutical products to the companies within the Group and carrying out research and development activities. Additionally, the Company holds investments in subsidiaries.

The Directors do not envisage any change to the nature of the business in the foreseeable future.

### **Review of business**

The Company made a profit for the financial year of £2,060,261,000 (2021: loss £2,601,000). The increase in profit in the current year is mainly due to a dividend income received by the Company from its subsidiary company, ViiV Healthcare UK (No.3) 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 financial year of £2,060,261,000 will be transferred to reserves (2021: loss for the year of £2,601,000 transferred from reserves).

### **Principal risks and uncertainties**

The Directors of the Company manage the functions, assets and risks related to the intellectual property assets owned by the Company on a business sector, therapy area and stage of product life cycle basis. The principal functions, risks and uncertainties related to the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Group, which include those of the Company, are discussed in the Group's parent company, ViiV Healthcare Limited's, annual report and financial statements. Please refer to the ViiV Healthcare Limited's 2022 annual report and financial statements, which does not form part of this report, to ensure a complete understanding of the principal risks and uncertainties of the Group, and therefore the Company.

### **Key performance indicators (KPIs)**

The Directors of the Company manage the functions, assets and risks related to the intellectual property assets owned by the Company on a business sector, therapy area and stage of product life cycle basis. The KPIs including but not limited to turnover, operating profit and research and development expenditure are reviewed at the Group level. Therefore, 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 ViiV Healthcare Limited's 2022 annual report which does not form part of this report.

### **Post balance sheet events**

On 3 July 2023, the Company declared an interim dividend of £1,500,000,000 to its sole shareholder, ViiV Healthcare Limited.

**ViiV Healthcare UK Limited**  
**(Registered number: 06990358)**

**Strategic report for the year ended 31 December 2022 (continued)**

**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.

At a Group level, the Board prioritises human capital as a key element in enhancing the positive influence within communities, with the Code of Conduct defining our purpose, culture, and performance commitments to ensure the realisation of the Company's aspirations while also ensuring fair treatment of shareholders.

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, England.

On behalf of the Board



N Wilkinson  
Director  
3 July 2023

## **Directors' report for the year ended 31 December 2022**

The Directors present their report on the Company and the audited financial statements of the Company for the year ended 31 December 2022.

### **Results and dividends**

The Company's results for the financial year are shown in the income statement on page 9-10.

No interim dividend was declared during the year to its parent company, ViiV Healthcare Limited (2021: £2,264,000,000).

No final dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2022 (2021: £nil).

### **Research and development**

The Company is responsible for instigating research and development ("R&D") activities, which are carried out by other Group undertakings. The income/expense from these activities includes amounts re-charged to/from other Group undertakings. In addition the Company has entered into a number of in-licensing initiatives that have strengthened the R&D pipeline, particularly in the later stages.

### **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:

J Anderson	(Resigned on 1 March 2023)
K Grainger	
D Waterhouse	
C MacDiarmid	
N Wilkinson	(Appointed on 1 March 2023)

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 his engagement in the business of the Company.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' report for the year ended 31 December 2022 (continued)**

**Statement of Directors' responsibilities (continued)**

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);
- 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 GSK Group (the "GSK Group"). Each year, as part of their governance arrangements, the GSK Group formally reviews and approves the approach to the Modern Slavery Act 2015 and has confirmed that the approach is still valid for 2022.

**Corporate Governance**

As a subsidiary company of the GSK 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 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.
- (f) The remuneration policies are governed to align executive remuneration with performance outcome.

**Streamlined Energy and Carbon Reporting**

The Company is exempted to disclose under the energy and carbon reporting as these are discussed in the Group's 2022 annual report and hence does not form part of this report.

**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 of the Company and other matters the Directors are of the opinion that the current level of activity remains sustainable. The Directors in their considerations have included potential risks to demand and operational risks to supply throughout trade routes and the potential risks to asset valuations, including indicators of impairment and impacts on fair values. The Directors have taken into account that as part of the Group, the Company has the support from the Group through the access to the Group cash pooling mechanism 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.

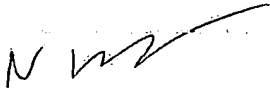
ViiV Healthcare UK Limited  
(Registered number: 06990358)

**Directors' report for the year ended 31 December 2022 (continued)**

**Independent auditor**

Deloitte LLP were deemed to be re-appointed as the Company's auditor pursuant to section 487(2) of the Companies Act 2006.

On behalf of the board



N Wilkinson  
Director  
3 July 2023

**Independent auditors' report to the members of ViiV Healthcare UK Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, the financial statements of ViiV Healthcare UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 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; and
- the related notes 1 to 26 , including a summary of significant accounting policies as set out in note 2.

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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 respect of these matters.



**Independent auditors' report to the members of ViiV Healthcare UK Limited (continued)**

**Responsibilities of directors**

As explained more fully in the Statement of 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](http://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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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, pensions legislation 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.

**Independent auditors' report to the members of ViiV Healthcare UK Limited (continued)**

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

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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.

**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  
Statutory Auditor  
London, United Kingdom  
4 July 2023

**ViiV Healthcare UK Limited**  
**(Registered number: 06990358)**

**Income statement**  
**for the year ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
Turnover	4	205,277	211,246
Cost of sales		(96,338)	(79,972)
<b>Gross profit</b>		<b>108,939</b>	<b>131,274</b>
Selling and distribution costs		(16,904)	(15,142)
Administrative expenses		(147,410)	(105,937)
Research and development expenditure		(30,672)	(20,578)
Other operating income		216,778	115,014
<b>Operating profit</b>	5	<b>130,731</b>	<b>104,631</b>
Income from subsidiaries	7	2,057,614	-
<b>Profit before interest and taxation</b>		<b>2,188,345</b>	<b>104,631</b>
Finance income	8	1,254	7
Finance expense	9	(130,686)	(117,982)
<b>Profit/(loss) before taxation</b>		<b>2,058,913</b>	<b>(13,344)</b>
Taxation	10	1,348	10,743
<b>Profit/(loss) for the year</b>		<b>2,060,261</b>	<b>(2,601)</b>

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

**ViiV Healthcare UK Limited**  
**(Registered number: 06990358)**

**Statement of other comprehensive income**  
**for the year ended 31 December 2022**

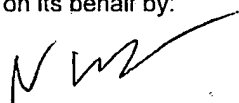
	Notes	2022 £'000	2021 £'000
<b>Profit/(loss) for the year</b>		2,060,261	(2,601)
<b>Items that will not be reclassified to the income statement:</b>			
Fair value movement on investments in subsidiaries	14	(1,391,952)	806,511
<b>Other comprehensive (expense)/income for the year</b>		(1,391,952)	806,511
<b>Total comprehensive Income for the year</b>		668,309	803,910

**ViiV Healthcare UK Limited**  
(Registered number: 06990358)

**Balance sheet**  
**as at 31 December 2022**

	Notes	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Right of use assets	12	279	-
Intangible assets	13	14,425	12,193
Investments in subsidiaries	14	6,471,992	7,863,944
<b>Total non-current assets</b>		<b>6,486,696</b>	<b>7,876,137</b>
<b>Current assets</b>			
Trade and other receivables	15	1,295,430	274,141
Corporation tax		51,043	49,485
<b>Total current assets</b>		<b>1,346,473</b>	<b>323,626</b>
<b>Total assets</b>		<b>7,833,169</b>	<b>8,199,763</b>
<b>Current liabilities</b>			
Trade and other payables	16	(99,027)	(1,133,445)
Accruals and deferred income	17	(43,613)	(51,288)
Short-term borrowings	18	(86)	-
<b>Total current liabilities</b>		<b>(142,726)</b>	<b>(1,184,733)</b>
<b>Net current assets/(liabilities)</b>		<b>1,203,747</b>	<b>(861,107)</b>
<b>Total assets less current liabilities</b>		<b>7,690,443</b>	<b>7,015,030</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	(1,500,000)	(1,500,000)
Deferred tax liabilities	10	(1,384)	(1,147)
Long-term borrowings	18	(191)	-
<b>Total non-current liabilities</b>		<b>(1,501,575)</b>	<b>(1,501,147)</b>
<b>Total liabilities</b>		<b>(1,644,301)</b>	<b>(2,685,880)</b>
<b>Net assets</b>		<b>6,188,868</b>	<b>5,513,883</b>
<b>Equity</b>			
Share capital	19	-	-
Share premium		1,500,000	1,500,000
Other reserves	20	2,617,996	4,009,948
Retained earnings		2,070,872	3,935
<b>Shareholders' equity</b>		<b>6,188,868</b>	<b>5,513,883</b>

The financial statements on pages 9 to 28 were approved by the Board of Directors on 3 July 2023 and were signed on its behalf by:



N Wilkinson  
Director

**ViiV Healthcare UK Limited**  
**(Registered number: 06990358)**

**Statement of changes in equity**  
**for the year ended 31 December 2022**

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2021</b>		-	1,500,000	3,203,437	2,264,191	6,967,628
Loss for the year		-	-	-	(2,601)	(2,601)
Other comprehensive income		-	-	806,511	-	806,511
Loss and comprehensive income for the year		-	-	806,511	(2,601)	803,910
Dividends to shareholders		-	-	-	(2,264,000)	(2,264,000)
Share-based incentive plans	24	-	-	-	6,345	6,345
<b>At 31 December 2021</b>		-	1,500,000	4,009,948	3,935	5,513,883
Profit for the year		-	-	-	2,060,261	2,060,261
Other comprehensive expense		-	-	(1,391,952)	-	(1,391,952)
Profit and comprehensive expense for the year		-	-	(1,391,952)	2,060,261	668,309
Share-based incentive plans	24	-	-	-	6,676	6,676
<b>At 31 December 2022</b>		-	1,500,000	2,617,996	2,070,872	6,188,868

**Notes to the financial statements for the year ended 31 December 2022**

**1 Presentation of the financial statements**

**General information**

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

The principal activities of the Company are marketing, distribution and selling of HIV products, as well as the development, enhancement, maintenance, protection and exploitation of intellectual property assets owned by the Company which may include but is not limited to, licensing out intellectual property rights relating to pharmaceutical products to the companies within the Group and carrying out research and development activities. Additionally, the Company holds investments in subsidiaries.

The Directors do not envisage any change to the nature of the business in the foreseeable future.

**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 investment in subsidiaries at fair value through other comprehensive income, and in accordance with the Companies Act 2006.

The financial statements are presented in Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

**Going concern**

Having assessed the principal risks of the Company and other matters the Directors are of the opinion that the current level of activity remains sustainable. The Directors in their considerations have included potential risks to demand and operational risks to supply throughout trade routes and the potential risks to asset valuations, including indicators of impairment and impacts on fair values. The Directors have taken into account that as part of the Group, the Company has the support from the Group through the access to the Group cash pooling mechanism 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.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**2 Summary of significant accounting policies (continued)**

**(a) Basis of preparation (continued)**

**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'.
- 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 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.



**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**2 Summary of significant accounting policies (continued)**

**(b) Consolidation**

The Company is a subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006. It has also met all of the exemption conditions under section 400 of the Companies Act 2006. 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.

**(d) Turnover**

**Turnover from distribution and sale of products**

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 HIV products. The average duration of 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.

**Turnover from IP owning activities**

The Company recognises turnover on the residual amount after accounting for all external income and expenses and intercompany expenses related to the supply and management of the HIV products for which it owns the intellectual property rights, and license income from other Group undertakings and third parties. The Company has authorised the supply and management of the HIV products to other Group companies which act as principal in the overall process. The residual return is therefore recognised on a net basis. If the residual amount is an income, it is recorded in turnover. If the residual amount is a loss, it is recorded in cost of sales.

The residual return is a result of the overall supply and management of HIV products for combined output and not separately identifiable, hence it is considered a single performance obligation.

Turnover is recognised over time as the supply and management of the HIV products is being performed, when the performance obligations are being fulfilled.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**2 Summary of significant accounting policies (continued)**

**(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 and promotion expenditure is charged to the income statement as incurred. Distribution costs on sales to customers are included in selling and distribution costs in the Income statement.

**(f) Royalty income and expenses**

The Company enters into development and marketing collaborations and out-licenses of 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 and received**

Interim dividends received are included in the income statement in the year in which the right to receive the payment is established. 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. Dividends in specie are recognised at their fair value at the date of receipt.

**(h) Research and development**

Research and development expenditure is charged to the income statement in the year in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable. Property, plant and equipment used for research and development are capitalised and depreciated in accordance with the Company's policy.

**(i) Finance income and expense**

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

**(j) Share based payments**

Incentives in the form of shares in Company's ultimate parent company, GSK plc, that are provided to employees under share option and share award schemes are fair valued at their grant dates and the cost is charged to the income statement.

**(k) Intangible assets**

Intangible assets are stated at cost less a provision for amortisation and impairment.

Licences and patent rights separately acquired are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed, and where appropriate adjusted, annually. Contingent milestone payments are recognised at the point that the contingent event becomes probable. Any development costs incurred by the Company and associated with acquired licences, patents rights are written off to the income statement when incurred, unless the criteria for recognition of an internally generated intangible asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

Notes to the financial statements for the year ended 31 December 2022 (continued)

**2 Summary of significant accounting policies (continued)**

**(l) Investment in subsidiaries**

Investments in direct subsidiaries are held at fair value with remeasurement gains and losses recognised directly in reserves. The Company prepares separate financial statements under IAS 27 'Separate Financial Statements' and has accounted for investment in subsidiaries in accordance with IFRS 9, as per paragraph 10 of IAS 27. The same accounting treatment is applied for all investments in subsidiaries. Details of the valuation of investment in subsidiaries is disclosed in Note 3(b).

**(m) Impairment of non-current assets**

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

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

**(n) 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/statement of comprehensive income.

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

**(o) 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.

**(p) 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. Long-term payables are discounted where the effect is material.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**2 Summary of significant accounting policies (continued)**

**(q) 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.

**(r) Share capital**

Ordinary shares are classified as equity.

**(s) Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

**3 Critical accounting judgements and key sources of estimation uncertainty**

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

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

**(a) Turnover**

**Turnover from IP owning activities**

The turnover recognised in the Company is the residual amount after accounting for all external income and expenses and intercompany expenses related to the supply of and management of the HIV product for which it owns the intellectual property rights.

Estimates are used by Group companies in accruing the rebates, discounts, allowances and product returns given or expected to be given by various product arrangements or buying groups as part of the overall supply and management of products, which then impacts the residual returns or losses recognised in the Company.

Such estimates are reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Company.

**(b) Valuation of investment in subsidiaries**

Management has estimated a fair value of the investment in direct subsidiaries of £6,471,992,000 (2021: £7,863,944,000) using a discounted future cash flow model. The fair value movements of the investment in direct subsidiaries are accounted for in the fair value reserve. The assumptions relating to the future cash flows, growth rates and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in the cash flow model to change which would result in a movement in the asset's fair value in the next accounting period. The decrease in fair value recognised during the year was £1,391,952,000 (2021: increase of £806,511,000). Sensitivity analysis is provided in Note 13, Investments in subsidiaries.

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Turnover

During the years ended 31 December 2022 and 2021, the Company operated in one geographical segment, the United Kingdom, and one class of business, being the licensing to other Group companies and the sale of HIV products to third parties.

5 Operating profit

	2022 £'000	2021 £'000
The following items have been charged/(credited) in operating profit:		
Cost of inventories included in cost of sales	96,338	78,744
Third party royalty expense	24,937	21,586
Amortisation of intangible assets (note 12)	1,693	1,228
Audit fees	40	38
Exchange losses/(gain) on foreign currency transactions	39	(11)
Third Party Royalty Income	(7,440)	-
Royalties from Group undertakings	-	8

6 Employees

The Company is the legal employer of all UK Group employees providing services to the Company. It charges the costs of all employees providing these services at cost to the economic employers across the UK Group.

To enable the Directors of the Company to develop, enhance, maintain, protect and exploit the intellectual property assets owned by the Company, delegated authority is given to a number of strategic and operational Boards and teams across the Group in the UK by the Directors. A proportion of the employee costs relating to these Boards and teams are recharged from GlaxoSmithKline Services Unlimited at cost to the intellectual property owners in the Group, including the Company.

Employee costs	2022 £'000	2021 £'000
Wages and salaries	70,159	48,179
Social security costs	4,601	3,919
Share based payments	14,018	13,119
	88,778	65,217

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

	2022	2021
Selling, general and administration	245	236

The average number of Company employees excludes temporary and contract staff.

**ViiV Healthcare UK Limited**  
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**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**7 Income from subsidiaries**

	2022 £'000	2021 £'000
Dividends from subsidiaries	2,057,614	-
	<u>2,057,614</u>	<u>-</u>

During the year, the Company earned dividend income from its subsidiary company, ViiV Healthcare UK (No.3) Limited.

**8 Finance income**

	2022 £'000	2021 £'000
On loans with Group undertakings	1,254	-
Interest income on short term deposits	-	7
Total finance income	<u>1,254</u>	<u>7</u>

**9 Finance expense**

	2022 £'000	2021 £'000
On loans with Group undertakings	<u>130,686</u>	<u>117,982</u>

Finance expense of £117,000,000 (2021: £117,000,000) relates to loan payable of £1,500,000,000 to ViiV Healthcare Finance Limited, incurred interest at a rate of 7.8% per annum. The balance expense of £13,686,000 relates to interest on call account balance with ViiV Healthcare Finance Limited.

Finance expense is incurred on call account balance with ViiV Healthcare Finance Limited at SONIA rate less 0.05% per annum (2021: LIBOR rate plus 0.25% per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.1% per annum).

**10 Taxation**

	2022 £'000	2021 £'000
<b>Income tax credit on profit/(loss)</b>		
<b>Current tax:</b>		
UK corporation tax at 19.00% (2021: 19.00%)	-	-
Group relief receivable	(6,995)	(10,998)
Adjustments in respect of previous years	5,410	(22)
Total current tax	<u>(1,585)</u>	<u>(11,020)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	449	278
Adjustments in respect of previous years	-	(1)
Change in tax rate - impact on deferred tax	(212)	-
Total deferred tax	<u>237</u>	<u>277</u>
Total tax credit for the year	<u>(1,348)</u>	<u>(10,743)</u>

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Taxation (continued)

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £'000	2021 £'000
<b>Reconciliation of total tax credit</b>		
<b>Profit/(loss) on ordinary activities before tax</b>	<b>2,058,913</b>	<b>(13,344)</b>
Tax on ordinary activities at the UK standard rate 19.00% (2021: 19.00%)	391,193	(2,535)
Effects of:		
Expenses not deductible for tax purposes	4,178	348
R&D expenditure tax credits	(6)	(5)
Income not taxable for tax purposes	(391,735)	-
Adjustments to tax charge in respect of previous years	5,410	(22)
Patent box additional deduction	(10,176)	(8,279)
Rate change in respect of deferred tax	(212)	(250)
<b>Total tax credit for the year</b>	<b>(1,348)</b>	<b>(10,743)</b>

Factors that may affect future tax charges:

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

Movement in deferred tax liabilities

	Intangible assets £'000	Total £'000
At 1 January 2021	(870)	(870)
Charge to income statement	(277)	(277)
At 1 January 2022	(1,147)	(1,147)
Charge to income statement	(237)	(237)
<b>At 31 December 2022</b>	<b>(1,384)</b>	<b>(1,384)</b>

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

	2022 £'000	2021 £'000
Deferred tax liabilities classified as non-current liabilities	(1,384)	(1,147)

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Dividends paid

	No of shares	Pence per share	£'000
<b>Dividends paid in 2022</b>			
Nil	-	-	-
<b>Dividends paid in 2021</b>			
Interim dividend paid on 31 August 2021	4	566,000	2,264,000

12 Right use of assets

£'000

**Net book value**

At 31 December 2021

-

Additions

408

Disposals

(46)

Depreciation expense for the year ended 31 December 2022

(83)

**At 31 December 2022**

279

Additions to right of use assets during 2022 were £408,000.

There were no significant lease commitments for leases not commenced at year-end.

13 Intangible assets

Licences &  
patents  
£'000

**Cost**

At 1 January 2022

15,381

Additions

3,925

At 31 December 2022

19,306

**Accumulated amortisation**

At 1 January 2022

(3,188)

Charge for the year

(1,693)

At 31 December 2022

(4,881)

Net book value at 1 January 2022

12,193

Net book value at 31 December 2022

14,425

The current year additions relate to capitalisation of research and development expenses on Cabotegravir and Dolutegravir intangibles. Amortisation is recorded within Other operating expenses in the income statement.



**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**14 Investments in subsidiaries**

	<b>Subsidiaries £'000</b>
<b>Fair value</b>	
At 1 January 2021	7,057,433
Increase in fair value during the year	806,511
	<hr/>
At 31 December 2021	7,863,944
Decrease in fair value during the year	(1,391,952)
	<hr/>
At 31 December 2022	<u>6,471,992</u>

Investments in subsidiaries comprises investment of 68.61% shares (2021: 68.61%) in ViiV Healthcare UK (No.3) Limited with a cost of £2,009,000,000 (2021: £2,009,000,000), and 100% shares (2021: 100%) in ViiV Healthcare UK (No.6) Limited with a cost of £100 (2021: £100).

Details of the subsidiaries of the Company as at 31 December 2022 are given in note 26.

The Directors believe that the carrying value of the investments is supported by their underlying net assets and future cash flows.

Future cash flows used to assess the fair value of investment are discounted at 8%. The table below shows on an indicative basis the income statement and balance sheet sensitivity to reasonably possible changes in key inputs to the valuations of the investment in subsidiaries:

<b>Increase/(decrease) in investment and gain/(loss) in income statement</b>	<b>2022 £'000</b>
10% increase in sales forecasts	1,206,320
10% decrease in sales forecasts	(1,205,200)
1% increase in discount rate	(195,480)
1% decrease in discount rate	212,230
	<hr/>

**15 Trade and other receivables**

	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Amounts due within one year</b>		
Trade receivables	28,726	17,333
Amounts owed by Group undertakings	1,263,142	252,486
Amounts owed by GSK Group undertakings	209	269
Other receivables	3,353	4,053
	<hr/>	<hr/>
	<u>1,295,430</u>	<u>274,141</u>

The amounts owed by Group undertakings and GSK Group undertakings are unsecured, interest free and are repayable on demand.

**ViiV Healthcare UK Limited**  
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**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**16 Trade and other payables**

	2022 £'000	2021 £'000
<b>Amounts falling due within one year</b>		
Trade payables	29,640	15,930
Amounts owed to Group undertakings	2,508	1,077,815
Amounts owed to GSK Group undertakings	7,408	8,153
Other payables	59,471	31,548
	<u>99,027</u>	<u>1,133,445</u>
<b>Amounts falling due after more than one year</b>		
Amounts owed to Group undertakings	<u>1,500,000</u>	<u>1,500,000</u>

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 of £1,239,040,000 (2021: receivable balance £1,077,257,000) which is unsecured and repayable on demand with interest paid at at SONIA rate less 0.05% per annum (2021: LIBOR rate plus 0.25% per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate plus 0.1% per annum).

The amounts owed to Group undertakings for more than a year relates to a loan balance with ViiV Healthcare Finance Limited of £1,500,000,000 at a fixed interest rate of 7.8% per annum.

**17 Accruals and deferred income**

	2022 £'000	2021 £'000
Amounts falling due within one year	<u>43,613</u>	<u>51,288</u>

**18 Borrowings**

	2022 £'000	2021 £'000
<b>Short-term borrowings</b>		
Amount falling due within one year	<u>86</u>	<u>-</u>
<b>Long-term borrowings</b>		
Amount falling due within one year	<u>191</u>	<u>-</u>

Amount payable towards finance lease for ROU of vehicles.

**ViiV Healthcare UK Limited**  
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**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**19 Share capital**

	2022 Number of shares	2021 Number of shares	2022 £	2021 £
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each (2021: £1 each)	4	4	4	4

**20 Other reserves**

	Fair value reserve £'000
At 1 January 2021	(3,203,437)
Net fair value movements	(806,511)
At 31 December 2021	(4,009,948)
Net fair value movements	1,391,952
At 31 December 2022	(2,617,996)

Movements in the fair value reserve relate entirely to revaluations of the Company's direct subsidiaries.

**21 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 2022 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

**22 Events after the end of the reporting period**

On 3 July 2023, the Company declared an interim dividend of £1,500,000,000 to its sole shareholder, ViiV Healthcare Limited.

**23 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 (2021: £nil).

**ViiV Healthcare UK Limited**  
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**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**24 Employee share schemes**

Incentives in the form of shares in the Group's ultimate parent company, GSK plc ("GSK"), are provided to employees under the following share option and share award schemes.

**Share option plan**

Options are granted to employees to acquire shares at the grant price. In GSK, options are normally exercisable between three and ten years from the date of grant but may, under certain circumstances, vest earlier as set out within the various scheme rules. Options are granted at the market price ruling at the date of grant. The granting of restricted share awards has replaced the granting of options to certain employees as the cost of the scheme more readily equates to the potential gain to be made by the employee. Grants of restricted shares are normally exercisable at the end of the three year vesting/performance period.

**Performance share award plan**

The Group operates a Performance Share Plan whereby share awards are granted to senior executives at no cost. The percentage of each award that vests is based upon the performance of the GSK and ViiV Healthcare Groups over a three year measurement period. Grants of Performance Share Plan awards normally vest at the end of the three year vesting and performance period and are available for sale at that time.

**Share value award plan**

The Group operates a Share Value Plan whereby awards are granted to employees to acquire shares or American Depositary Shares (listed on the New York Stock Exchange representing 2 ordinary shares) in GSK at no cost after a three year vesting period. There are no performance criteria attached. Grants of Share value awards are normally exercisable at the end of the three year vesting period.

The share based compensation charge for the above schemes has been recorded in the income statement as administrative expenses of £9,013,190 (2021: £7,692,246) and is considered immaterial for further disclosure.

**25 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 Inc. group of companies) 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.

**ViiV Healthcare UK Limited**  
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**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**25 Related party transactions (continued)**

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

	<b>GSK Group of companies 2022 £'000</b>	<b>GSK Group of companies 2021 £'000 (Restated)</b>
<b>Purchase of Goods and Services</b>		
GlaxoSmithKline Services Unlimited	102,938	113,379
GlaxoSmithKline Trading Services (PTC)	4,112	377
GSK Holdings Americas Inc	2,430	1,776
GlaxoSmithKline Research & Development Limited	976	880
GlaxoSmithKline UK Limited	658	926
GlaxoSmithKline (Ireland) Limited	483	435
GSK Pharmaceuticals Kenya Ltd	200	176
GlaxoSmithKline Lietuva UAB	-	177
GlaxoSmithKline Eesti OU	-	110
GSK Commercial Sp. z o.o.	27	41
GlaxoSmithKline Trading ZAO	-	24
<b>Royalty expense - Shionogi Limited</b>	<b>(24,937)</b>	<b>(21,586)</b>
<b>Payable to related parties</b>		
GlaxoSmithKline Research & Development Limited	-	-
GlaxoSmithKline Services Unlimited	(7,331)	(8,004)
GSK Australia Pty Ltd	-	(23)
GlaxoSmithKline (Israel) Ltd	(21)	-
GlaxoSmithKline Consumer Healthcare South Africa (Pty) Limited	-	(15)
GSK Pharmaceuticals Kenya Ltd	(56)	(26)
GlaxoSmithKline Eesti OU	-	(77)
GlaxoSmithKline Pakistan Limited (ERP)	-	(8)
<b>Receivable from related parties</b>		
GlaxoSmithKline B.V	5	-
GlaxoSmithKline Services Unlimited	-	203
GlaxoSmithKline Research & Development Limited	204	-
GlaxoSmithKline Inc.(Canada PH)	-	66

During the year, the Company discovered that a few transactions were missing from the disclosure of significant relevant transactions with related parties for the previous year.

This issue had no impact on the primary statements i.e. the income statement, statement of other comprehensive income, balance sheet or the statements of changes in equity and has been corrected in the current year by restating the related party note for prior period.

**Notes to the financial statements for the year ended 31 December 2022 (continued)**

**25 Related party transactions (continued)**

The table below summarises the impact on the related party note:

<b>31 December 2021</b>	<b>Impact of restatement on the note</b>		
<b>Purchase of Goods and Services</b>	<b>As previously disclosed</b>	<b>Adjustments</b>	<b>As restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
GlaxoSmithKline Services Unlimited	16,562	96,817	113,379
GlaxoSmithKline UK Limited	61	865	926
GlaxoSmithKline Lietuva UAB	3	174	177
GSK Pharmaceuticals Kenya Ltd	11	165	176
GlaxoSmithKline Eesti OU	7	103	110
GSK Commercial Sp. z o.o.	40	1	41
GlaxoSmithKline Trading ZAO	8	16	24

**26 Subsidiaries**

The subsidiaries of the Company as at 31 December 2022 are as follows:

<b>Company</b>	<b>Direct shares held (%)</b>	<b>Indirect shares held (%)</b>	<b>Security</b>	<b>Address of the registered office</b>
ViiV Healthcare UK (No.3) Limited	68.61%	-	Ordinary	GSK Medicines Research Centre, Gunnels Wood Road, Stevenage, SG1 2NY, England.
ViiV Healthcare Finance Limited	-	68.61%	Ordinary	980 Great West Road, Brentford, Middlesex, TW 8 9GS, England
	-	68.61%	Redeemable Preference Shares	
Shionogi - ViiV Healthcare LLC	-	68.61%	Common Interests	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States.
ViiV Healthcare UK (No.6) Limited	100.00%	-	Ordinary	GSK Medicines Research Centre, Gunnels Wood Road, Stevenage, SG1 2NY, England.