

ViiV Healthcare Finance Limited
(Registered number: 09944107)

Annual Report and financial statements
for the year ended 31 December 2022

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

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ViiV Healthcare Finance Limited
(Registered number: 09944107)

Annual Report and financial statements
for the year ended 31 December 2022

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ViiV Healthcare Finance Limited
(Registered number: 09944107)

Directors' report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of ViiV Healthcare Finance Limited (the "Company") for the year ended 31 December 2022.

Principal activities and future developments

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

The principal activities of the Company during the financial year is the provision of financial services to other entities within the Group and managing the liquidity requirements of the Group through investing in short-term securities and using derivative financial instruments to manage the Group's foreign exchange risks.

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 £1,174,000 (2021: profit £7,965,000). 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 £1,174,000 will be transferred to reserves (2021 profit for the year of £7,965,000 transferred to reserves).

Results and dividend

The Company's results for the financial year are shown in the income statement on page 8.

The Company has not declared a dividend on the redeemable preference shares (2021: £nil) and no dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2022 (2021: £nil).

Financial instruments

The Company has entered into foreign exchange forward contracts and swaps in order to swap intercompany loans into the Company's reporting currency. The Company has also entered into foreign exchange forward contracts and swaps on behalf of entities within the Group to hedge foreign exchange risk arising from various trade payables and receivables balances that are not denominated in the Company's own reporting currency. Details of financial risk management are disclosed in Note 4.

ViiV Healthcare Finance Limited
(Registered number: 09944107)

Directors' report for the year ended 31 December 2022

Directors and their interests

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:

Ms J Anderson (resigned, update as 01 March 2023)
Ms K Grainger
Ms C MacDiarmid
Ms D Waterhouse
Mr N Wilkinson (appointed, update as 01 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 employees of the Group benefits from an indemnity given by another 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 and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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.

ViiV Healthcare Finance Limited
(Registered number: 09944107)

Directors' report for the year ended 31 December 2022

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are 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 auditors are 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 the accessibility of additional capital and the potential risk to liquidity. The Directors have taken into account that as part of the Group, the Company has already received the necessary letter of support from ViiV Healthcare Limited and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Independent auditors

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

In accordance with Section 414B of the Companies Act 2006, the Company is exempt from preparing a Strategic Report.

On behalf of the Board



Mr N Wilkinson
Director
3 July 2023

Independent auditor's report to the members of ViiV Healthcare Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ViiV Healthcare Finance 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;
- balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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.

Independent auditor's report to the members of ViiV Healthcare Finance Limited

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.

Independent auditor's report to the members of ViiV Healthcare Finance Limited

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 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 including relevant internal specialist 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Independent auditor's report to the members of ViiV Healthcare Finance Limited

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:

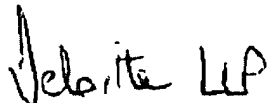
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

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 2006 that the senior statutory auditor's name should not be stated.



Deloitte LLP
Statutory Auditors
London, United Kingdom
03 July 2023

ViiV Healthcare Finance Limited

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

	Note	2022 £'000	2021 £'000
Other operating income/(expense)	6	(6,786)	6,648
Finance income	8	195,145	126,055
Finance expense	9	(163,772)	(99,663)
Operating profit		24,587	33,040
Profit before taxation		24,587	33,040
Taxation	10	(23,413)	(25,075)
Profit for the financial year		1,174	7,965

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

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

The notes on pages 11 to 22 are an integral part of these financial statements.

ViiV Healthcare Finance Limited

**Balance sheet
as at 31 December 2022**

	Note	2022 £'000	2021 £'000
Non-current assets			
Trade and other receivables	11	1,891,248	2,047,463
Total non-current assets		1,891,248	2,047,463
Current assets			
Trade and other receivables	11	3,773,250	3,614,594
Derivative financial instruments	16	2,655	2,945
Cash and cash equivalents	14	1	2,782
Total current assets		3,775,906	3,620,321
Total assets		5,667,154	5,667,784
Current liabilities			
Trade and other payables	12	(3,718,701)	(3,796,514)
Corporation tax	10	(48,505)	(68,977)
Derivative financial instruments	16	(1,754)	(2,323)
Accruals	13	(394,630)	(297,580)
Total current liabilities		(4,163,590)	(4,165,394)
Net current liabilities		(387,684)	(545,073)
Non-current liabilities			
Trade and other payables	12	(1,300,000)	(1,300,000)
Total non-current liabilities		(1,300,000)	(1,300,000)
Total liabilities		(5,463,590)	(5,465,394)
Net assets		203,564	202,390
Equity			
Share capital	17	-	-
Share premium		200,000	200,000
Retained earnings		3,564	2,390
Shareholders' equity		203,564	202,390

The notes on pages 11 to 22 are an integral part of these financial statements.

The financial statements on pages 8 to 22 were approved by the Board of Directors on 3 July 2023 and signed on its behalf by:



Mr N Wilkinson
Director

ViiV Healthcare Finance Limited

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

	Share capital £'000	Share premium £'000	Retained earnings / Accumulated losses £'000	Shareholders' equity £'000
At 1 January 2021	-	200,000	(5,575)	194,425
Profit for the financial year	-	-	7,965	7,965
At 31 December 2021	-	200,000	2,390	202,390
Profit for the financial year	-	-	1,174	1,174
At 31 December 2022	-	200,000	3,564	203,564

The notes on pages 11 to 22 are an integral part of these financial statements.

ViiV Healthcare Finance Limited

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

1 Presentation of the financial statements

General information

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

The principal activity of the Company is the provision of financial services to other entities within the Group and managing the liquidity requirements of the Group through investing in short-term securities and using derivative financial instruments to manage the Group's foreign exchange risks.

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 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.

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

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 the accessibility of additional capital and the potential risk to liquidity. The Directors have taken into account that as part of the Group, the Company has already received the necessary letter of support from ViiV Healthcare Limited 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 few disclosure exemptions conferred by FRS 101 to requirements set by the International Financial Reporting Standards (IFRS). Therefore these financial statements do not include:

- Paragraph 38 of IAS 1 "Presentation of financial statements" comparative information requirements in respect of:
 - paragraph 79(a) (iv) of IAS 1;
- The following paragraphs of IAS 1 "Presentation of financial statements":
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements); and
 - 111 (cash flow statement information);
- IAS 7 "Statement of cash flows";
- Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24 "Related party disclosures" (key management compensation); and
- 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.

The consolidated 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.

ViiV Healthcare Finance Limited

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

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a subsidiary of the ultimate parent company, GSK plc, a company registered in England and Wales, 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 UK (No.3) 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) Finance income and expense

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

Managing interest rate benchmark reform and associated risks

In 2021, the Company conducted an exercise to transfer all its loans to or from group undertakings to the replacement risk free interest rates (in the currencies where the interest rates have been reformed globally). Consequently it no longer had any exposures to IBOR in these currencies at 31 December 2021 and no further action was taken in 2022.

(e) Financial assets

Financial assets are measured at amortised cost or fair value through profit or loss ("FVTPL"). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

(f) Impairment of financial assets

Expected credit losses are recognised in the income statement on financial assets measured at amortised cost and measured at FVTPL.

For financial assets a 12-month expected credit loss ("ECL") allowance is recorded on initial recognition. If there is evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off.

(g) Trade and other receivables

For trade and other receivables, the general approach is used where the Company recognises the losses that are expected to result from all possible default events over the expected life of the receivable, when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the receivable has not increased significantly since initial recognition, the 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances and Money Market Funds with banks and similar institutions. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value. The Cash balances are held at amortised cost and the Money Market Funds are held at FVTPL.

(i) 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.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

(j) Taxation

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

ViiV Healthcare Finance Limited

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

2 Summary of significant accounting policies (continued)

(l) 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 and swaps. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are classified as held-for-trading and are carried on the balance sheet 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. No derivative financial instruments are designated as hedging instruments by the Company.

(m) Share capital

Ordinary shares are classified as equity.

3 Critical accounting judgements and key sources of estimation uncertainty

The Directors do not consider that there are any critical accounting judgments 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 Financial risk management

GSK plc's Corporate Treasury is employed as a service provider under policies and procedures approved by the GSK plc's Board of Directors to manage and monitor the Group's external and internal funding requirements and financial risks, covering foreign exchange, interest rate, liquidity, and credit risks, in support of the Group's strategic objectives.

A Treasury meeting, chaired by ViiV Healthcare Ltd's Head of Tax, takes place on a monthly basis to review Treasury activities and its members receive management information relating to Treasury activities.

(a) Market risk

(i) Foreign exchange risk

Foreign currency exposures arise from the translation of financial assets and liabilities, which are not held in the functional currency of the Company.

The Company uses derivative financial instruments to manage the foreign exchange risks arising from these financing activities. These derivatives, principally comprising foreign exchange forward contracts and swaps, are used to swap amounts due to or from other Group undertakings, deposits and other receivables and payables into the Company's functional currency in order to manage the exposure to changes in foreign exchange rates.

The Company holds intercompany loans and deposits which naturally hedge the foreign currency bank balances to minimise the foreign translation exposure within the Company. Due to the timing of cashflows, there may be a slight mismatch between this natural hedge and consequently, the Company is exposed to foreign exchange risk in relation to Sterling against movements in Swiss franc, US Dollar and Euro. Based on the Company's net financial assets and liabilities as at 31 December, a weakening and strengthening of Sterling against these currencies, with all other variables held constant, is illustrated in the table below.

ViiV Healthcare Finance Limited

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

4 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Income statement impact of non-functional currency foreign exchange exposures

	2022 Increase / (decrease) in Income £'000	2021 Increase / (decrease) in Income £'000
10 cent appreciation of the Swiss franc	5	598
10 cent appreciation of the Euro	1,348	395
10 cent appreciation of the US dollar	(34,212)	178
	2022 Increase / (decrease) in Income £'000	2021 Increase / (decrease) in Income £'000
10 cent depreciation of the Swiss franc	(5)	(508)
10 cent depreciation of the Euro	(1,128)	(334)
10 cent depreciation of the US dollar	28,965	(154)

(ii) Interest rate risk

The Company earns interest income on its cash and cash equivalents and short-term due from other Group undertakings and pays interest on amounts due to other Group undertakings. All interest earned and paid on these is on a floating rate basis. In addition, the Company has long-term amounts due to and from other Group undertakings that are on fixed rates and expose the Company to fair value interest rate risks.

The table below hypothetically shows the Company's sensitivity to changes in interest rates in relation to Euro, Sterling and US dollar interest floating rate financial assets and liabilities. If interest rates applicable to floating rate financial assets and liabilities were to have increased by 1% (100 basis points), and assuming all other variables had remained constant, it is estimated that the Company's finance income for 2022 would have increased by approximately £4,299,000 (2021: £3,496,000). A 1% (100 basis points) movement in interest rates is not deemed to have a material effect on equity.

Income statement impact of interest rate movements

	2022 Increase (decrease) in Income £'000	2021 Increase (decrease) in income £'000
1% (100 basis points) increase in Sterling interest rates	8,690	3,496
1% (100 basis points) increase in US dollar interest rates	(4,547)	-
1% (100 basis points) increase in Euro interest rates	156	-

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises from cash and cash equivalents, favourable derivative financial instruments held with banks and financial institutions and outstanding trade and other receivables with Group undertakings. GSK plc sets global counterparty limits for each of its banking and investment counterparties based on long-term credit ratings from Standard and Poor's and Moody's Investor Services ("Moody's"). GSK plc Group's Corporate Treasury actively manages its exposure to credit risk, reducing surplus cash balances wherever possible. Usage of these limits is monitored daily.

The Company considers its maximum exposure to credit risk at 31 December 2022, without taking into account any collateral held or other credit enhancements, to be £5,667,154,000 (2021: £5,667,784,000) which is the total of the Company's financial assets. This represents £1,000 (2021: £2,782,000) of cash and cash equivalents, £5,644,498,000 (2021: £5,662,057,000) of loans and receivables and £2,655,000 (2021: £2,945,000) of derivative financial assets.

ViiV Healthcare Finance Limited

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

4 Financial risk management (continued)

(b) Credit risk (continued)

The Company has maintained a conservative approach to counterparty risk throughout the year. The aggregate credit risk in respect of financial assets that the Company may have with one counterparty is limited by reference to the long term credit ratings, assigned for that counterparty by Standard and Poor's and Moody's. The table below sets out the exposure by credit rating category for financial assets held by the Company. The gross asset position on each derivative contract is considered for the purpose of this table, although, under International Swaps and Derivatives Association ("ISDA") agreements, the amount at risk is the net position with each counterparty.

	A+/Aa3 £'000	A+/A1 £'000	A/A1 £'000	Unrated £'000	Total £'000
2022					
Bank balances	-	1	-	-	1
Third party financial derivatives	-	1,561	-	-	1,561
Amounts owed by Group undertaking	-	-	-	5,665,592	5,665,592
Total	-	1,562	-	5,665,592	5,667,154
	AAA/Aaa £'000	A+/Aa3 £'000	A/A1 £'000	Unrated £'000	Total £'000
2021					
Bank balances	-	2,782	-	-	2,782
Third party financial derivatives	675	1,344	26	-	2,045
Amounts owed by Group undertaking	-	-	-	5,662,957	5,662,957
Total	675	4,126	26	5,662,957	5,667,784

The credit ratings in the above tables are assigned by Standard and Poor's and Moody's respectively. Where the opinion of the two rating agencies differs, the lower rating of the two is assigned to the counterparty. These credit ratings form the basis of the assessment of the expected credit loss on balances held at amortised cost consisting of bank balances and amounts owed by Group undertakings.

Expected credit losses over cash and cash equivalents is measured as a function of individual counterparty credit ratings and associated 12 month default rates. Expected credit losses over cash and cash equivalents and third party financial derivatives are deemed to be immaterial and no such loss has been experienced during 2022.

The Company's greatest concentration of credit risk is £1,500,000,000 (2021: £1,500,000,000) with ViiV Healthcare UK Limited (unrated).

The Company did not hold any collateral as security or obtained other credit enhancements as at 31 December 2022.

(c) Liquidity risk

The Group benefits from strong positive cash flow from operating units and has substantial deposits with GSK plc group, which are managed by the Company.

5 Capital management

The Group manages its capital to ensure that entities in the Group are able to operate as going concerns whilst availing themselves of intercompany funding where appropriate.

The capital structure of the Company consists of shareholders' equity of £203,564,000 (2021 £202,390,000) (see Statement of changes in equity).

ViiV Healthcare Finance Limited

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

6 Operating income/(expense)

	2022 £'000	2021 £'000
The following item has been charged in operating income/(expense):		
Foreign exchange gains/(losses)	(6,786)	6,648

The auditor's remuneration for the audit of financial statements of £5,800 (2021: £5,600) has been borne by other Group companies and is not recharged. The disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made and has been disclosed in the GSK Group's 2022 Annual Report which does not form part of this report. The Company did not incur any non-audit service fees during the financial year.

7 Employees

The Company has no employees (2021: nil). All employees are remunerated by ViiV Healthcare UK Limited and receive no remuneration from the Company. A management fee has not been charged by ViiV Healthcare UK Limited for services provided to the Company.

8 Finance income

	2022 £'000	2021 £'000
Finance income arising from:		
Financial assets measured at amortised cost	194,552	126,150
IAS 21 loan revaluations	22,311	3,822
Financial assets measured at fair value through profit or loss	867	299
Net gains arising from financial instruments measured at fair value through profit or loss	(22,585)	(4,216)
Total finance income	195,145	126,055

Interest income arising from financial assets measured at amortised cost includes interest income arising from amounts owed by Group undertakings of £194,145,000 (2021: £126,055,000). Interest income arising from financial assets measured at fair value through profit or loss includes interest income arising from matured foreign exchange contracts of £867,000 (2021: £299,000).

9 Finance expense

	2022 £'000	2021 £'000
Finance expense arising on:		
Financial liabilities at amortised cost		
- redeemable preference shares	(98,800)	(98,907)
- other internal loans and deposits	(64,465)	(548)
Derivatives at fair value through profit or loss	(507)	(208)
Total finance expense	(163,772)	(99,663)

Interest expense arising from financial liabilities measured at amortised cost includes interest expense arising from amounts owed to Group undertakings relating to the redeemable preference shares of £98,800,000 (2021: £98,907,000) and other Group undertakings of £64,465,000 (2021: £548,000). Interest expense arising from derivatives measured at fair value through profit or loss includes interest expense arising from matured foreign exchange contracts of £507,000 (2021: £208,000).

ViiV Healthcare Finance Limited

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

10 Taxation

	2022 £'000	2021 £'000
Income tax expense on profit		
Current tax:		
UK corporation tax at 19.00% (2021: 19.00%)	(23,444)	(25,070)
Double tax relief	9	-
Overseas tax	(9)	-
Adjustments in respect of previous years	31	(5)
Total current tax	(23,413)	(25,075)
Total tax charge for the year	(23,413)	(25,075)

The tax assessed for the year is higher (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
Reconciliation of total tax charge		
Profit on ordinary activities before tax	24,587	33,041
Tax on ordinary activities at the UK standard rate 19.00% (2021: 19.00%)	(4,672)	(6,278)
Effects of:		
Non-deductible preference dividend	(18,772)	(18,792)
Overseas tax	(9)	-
Double tax relief	9	-
Adjustments to tax charge in respect of previous years	31	(5)
Total tax charge for the year	(23,413)	(25,075)

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. There is no impact of this change as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in the current year.

	2022 £'000	2021 £'000
Creditors		
Corporation tax	(48,505)	(68,977)

The corporation tax creditor contains amounts which will be paid to fellow Group companies.

11 Trade and other receivables

	2022 £'000	2021 £'000
Amounts due within one year		
Amounts owed by GSK Group undertakings	1,933,408	1,427,543
Amounts owed by Group undertakings	1,839,842	2,187,051
	3,773,250	3,614,594
Amounts due after more than one year		
Amounts owed by Group undertakings	1,891,248	2,047,463
	1,891,248	2,047,463
	5,664,498	5,662,057

ViiV Healthcare Finance Limited

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

11 Trade and other receivables (continued)

Amounts due within one year are balances owed by Group and to GSK Group undertakings, which are unsecured and repayable on demand. The amount of £3,773,250,000 (2021: £3,614,594,000) earns a risk free rate plus 0.10% consistent with the Group's policy.

Amounts due after more than one year represent an unsecured loan to ViiV Healthcare UK Limited amounting to £1,500,000,000 (2021: £1,500,000,000) which is earning fixed interest of 7.8% per annum and repayable at maturity in 2026 and call account balances with Group undertakings with amount of £391,248,000 (2021: £547,463,000) which earn a risk free rate plus 0.10%, consistent with the Group's policy.

12 Trade and other payables

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	(3,718,701)	(3,796,514)
	(3,718,701)	(3,796,514)
Amounts falling due after more than one year		
Amounts owed to Group undertakings	(1,300,000)	(1,300,000)
	(1,300,000)	(1,300,000)
	(5,018,701)	(5,096,514)

Amounts falling due within one year are balances with Group undertakings, which are unsecured and repayable on demand and commercial paper borrowings with Group undertakings with interest charged based on risk free rate minus 0.05% (risk free rate minus 0.025% for commercial paper) that is consistent with the Group's policy.

Amounts falling due after more than one year is a loan from ViiV Healthcare UK (No.3) Limited in the form of redeemable preference shares fixed at 7.6% per annum with a redemption date of 2031 (Note 15c).

13 Accruals

	2022 £'000	2021 £'000
Amounts falling due within one year	(394,630)	(297,580)

Amounts falling due within one year relate primarily to accrued interest on the loan from ViiV Healthcare UK (No.3) Limited.

14 Cash and cash equivalents

	2022 £'000	2021 £'000
Bank balances and deposits, measured at amortised cost	1	2,782
Total	1	2,782

The bank balances are lower on 31 December 2022 as there were no cash receipts after daily sweep run.

ViiV Healthcare Finance Limited

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

15 Financial instruments

(a) Fair value of financial assets and liabilities

The fair values of the financial assets and liabilities are included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents – approximates to the carrying amount;
- Short-term loans with Group undertakings – approximates to the carrying amount;
- Foreign exchange forward contracts and swaps – based on the present value of contractual cash flows using market sourced data (exchange rates);
- Receivables and payables – approximates to the carrying value; and
- Long-term loans with Group undertakings – based on market sourced data (interest rates) at the balance sheet date.

The carrying amounts and the fair values of the Company's financial assets and liabilities at 31 December 2022 are illustrated below.

	2022		2021	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets measured at amortised cost:				
Amounts owed by GSK Group undertakings - due within one year	1,933,408	1,933,408	1,427,543	1,427,543
Amounts owed by Group undertakings - due within one year	1,839,842	1,839,842	2,187,051	2,187,051
Amounts owed by Group undertakings - due after more than one year	1,891,248	1,760,614	2,047,463	2,452,148
Bank balances and deposits, measured at amortised cost	1	1	2,782	2,782
Financial assets mandatorily at fair value through profit or loss:				
Derivatives classified as held for trading	2,655	2,655	2,945	2,945
Total financial assets	5,667,154	5,536,520	5,667,784	6,072,470
Financial liabilities measured at amortised cost:				
Amounts owed to Group undertakings - due within one year	(3,718,701)	(3,718,701)	(3,796,514)	(3,796,514)
Amounts owed to Group undertakings - due after more than one year	(1,300,000)	(1,163,910)	(1,300,000)	(2,076,944)
Accruals and deferred income	(394,630)	(394,630)	(297,580)	(297,580)
Financial liabilities mandatorily at fair value through profit or loss:				
Derivatives classified as held for trading	(1,754)	(1,754)	(2,323)	(2,323)
Total financial liabilities	(5,415,085)	(5,278,995)	(5,396,417)	(6,173,361)
Net financial assets	252,069	257,525	271,368	(100,891)

Long-term loans with Group undertakings are measured at amortised cost and financial assets and liabilities at fair value through profit or loss are derivative financial instruments, of which the fair value is disclosed in the table above. These are categorised as Level 2, where the fair value is determined using valuation techniques that are based on observable market sourced data (interest rates and exchange rates). All other financial assets and liabilities approximate to the carrying amount.

We calculate the fair value of derivative financial instruments by taking the present value of future cash flows, primarily incorporating market observable inputs. The various inputs include foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

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

15 Financial instruments (continued)

(b) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following tables set out the financial assets and liabilities that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2022 and 31 December 2021. The column "net" shows the impact on the Company's balance sheet if all set-off rights were exercised.

	Gross financial assets / (liabilities) £'000	Gross financial assets / (liabilities) offset £'000	Net financial assets / (liabilities) per balance sheet £'000	Related amounts not offset in the balance sheet £'000	Net £'000
2022					
Derivative financial assets	2,655	-	2,655	(1,147)	1,508
Derivative financial liabilities	(1,754)	-	(1,754)	1,147	(607)
2021					
Derivative financial assets	2,945	-	2,945	(2,052)	893
Derivative financial liabilities	(2,323)	-	(2,323)	2,052	(271)

Amounts which do not meet the criteria for offsetting on the balance sheet but could be settled net in certain circumstances principally relate to derivative transactions under ISDA agreements where each party has the option to settle amounts on a net basis in the event of default of the other party. As there is presently not a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

(c) Contractual cash flows for non-derivative financial liabilities and derivative instruments

The following table provides an analysis of the anticipated contractual cash flows including interest payable for the Company's non-derivative financial liabilities on an undiscounted basis. Cash flows in foreign currencies are translated using spot rates at 31 December.

	2022		2021	
	Debt £'000	Interest on debt £'000	Debt £'000	Interest on debt £'000
Due in less than one year	(3,718,701)	(394,972)	(3,796,514)	(296,172)
Between one and five years	-	(395,200)	-	(395,200)
Between five and ten years	-	(411,170)	-	(494,000)
Greater than ten years	(1,300,000)	-	(1,300,000)	(15,970)
Gross contractual cash flows	(5,018,701)	(1,201,342)	(5,096,514)	(1,201,342)

ViiV Healthcare Finance Limited

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

15 Financial Instruments (continued)

Interest on debt includes interest accrued at 7.6% on the £1,300,000,000 redeemable preference shares, payable on 31 January each year; if no declaration is made, interest will continue to accrue to the next declaration date. No declaration has been made since July 2019. For the purposes of the above table, interest is shown as being cash settled at each declaration date.

The table below provides an analysis of the anticipated contractual cash flows for the Company's derivative financial instruments using undiscounted cash flows. Cash flows in foreign currencies are translated using spot rates at 31 December. The gross cash flows of foreign exchange contracts are presented for the purposes of this table although, in practice, the Company uses standard settlement arrangements to reduce its liquidity requirements on these instruments.

	2022		2021	
	Receivables £'000	Payables £'000	Receivables £'000	Payables £'000
Gross contractual cash flows due in less than one year	373,552	(372,330)	776,415	(776,039)

16 Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments and are classified as "held for trading". They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period, otherwise they are classified as non-current.

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

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Foreign exchange forward contracts and swaps - held-for-trading	2,655	(1,754)	2,945	(2,323)

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).

The notional principal amounts of the outstanding derivative instruments at 31 December 2022 were £370,586,000 (2021: £777,005,000).

17 Share capital

	2022 Number of shares	2022 £	2021 Number of shares	2021 £
Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2

On 29 February 2016, the Company allotted thirteen redeemable preference shares with a nominal value of £100,000,000. The consideration for the allotment was £1,300,000,000. The preference shares are mandatorily redeemable on a specific date and, on the fifteenth anniversary of the issue of the shares, a redemption notice shall be deemed to have been served. The preference shares are, therefore, classified as liabilities (Note 12).

18 Directors' remuneration

During the year, the Directors of the Company were remunerated as executives of the GSK plc group. They received no remuneration in respect of their services to the Company (2021: £nil).

ViiV Healthcare Finance Limited

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

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

	2022 £'000	2021 £'000
Call account receivable with GlaxoSmithKline IHC Ltd	1,933,396	1,427,533
Call account receivable with GlaxoSmithKline Finance plc	12	10

The call account is unsecured, repayable by either party on demand and earns a market rate of interest based on a benchmark risk free rate minus 0.10% on end of day receivable balances and incurs interest expense at a benchmark risk free rate plus 0.05% on end of day payable balances. For the year ended 31 December 2022, interest income was £22,894,650 (2021: £147,270) and interest expense was £1,053,240 (2021: £350,920).