

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

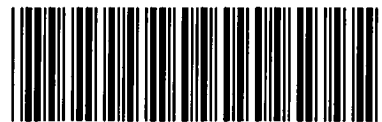
**Annual Report**

**for the year ended 31 December 2018**

**Registered office address:**

980 Great West Road  
Brentford  
Middlesex  
TW8 9GS  
England

FRIDAY



\*A8BHLIL1\*

A07

09/08/2019

#99

COMPANIES HOUSE

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Annual report and financial statements**  
**for the year ended 31 December 2018**

<b>Contents</b>	<b>Pages</b>
Strategic report	1-2
Directors' report	3-4
Independent auditors' report	5-7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11-19

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Strategic report for the year ended 31 December 2018**

The Directors present their strategic report on ViiV Healthcare Overseas Limited (the "Company") for the year ended 31 December 2018.

**Principal activities and future developments**

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 UK (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex, TW8 9GS.

The principal activity of the Company is to act as an investment holding company. 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 £29,156,000 (2017: profit of £17,545,000). 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 £29,156,000 will be transferred to reserves (2017: profit for the year of £17,545,000 transferred to 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 2018 ViiV Healthcare Limited's (the parent company of the ViiV Group) 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. 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 2018 Annual Report which does not form part of this report.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Strategic report for the year ended 31 December 2018**

**Approach to Brexit**

In preparing for the UK's exit from the EU (Brexit), the Directors of the Group have taken a risk-based approach to maintain continuity of supply of our medicine and vaccine products to the people in the UK and EU at the Group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's approach to Brexit would not be appropriate for an understanding of the impact of Brexit to the position of the Company's business. The Group's approach to Brexit, which includes that of the Company, is discussed in the ViiV Healthcare Limited's 2018 annual report which does not form part of this report.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D Waterhouse', with a stylized flourish extending from the end.

D Waterhouse  
Director  
18 July 2019

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Directors' report for the year ended 31 December 2018**

The Directors present their report on the Company and the audited financial statements for the year ended 31 December 2018.

**Results and dividends**

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

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2018 (2017: £nil).

**Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

J Anderson	(appointed on 01 Sep 2018)
K Grainger	
D Waterhouse	
C MacDiarmid	(appointed on 03 May 2019)
G Reinaud	(resigned on 04 Feb 2019)

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 a Group undertaking, ViiV Healthcare UK 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.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Directors' report for the year ended 31 December 2018**

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

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

The following items have been included in the strategic report on pages 1 & 2:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- key performance indicators; and
- approach to Brexit

**Governance**

The Company's approach to the Modern Slavery Act 2015 is set by the GlaxoSmithKline plc group. Each year, as part of their governance arrangements, the GlaxoSmithKline plc group formally reviews and approves the approach to the Modern Slavery Act 2015 and has confirmed that the approach is still valid for 2018.

**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.

**Independent auditor**

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

On behalf of the Board



D Waterhouse  
Director  
18 July 2019

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

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

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

**Opinion**

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 statement of comprehensive income
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 15.

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

**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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

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

**Other information (contd.)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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



**ViiV Healthcare Overseas Limited**  
(Registered number: 07027385)

**Independent auditor's report to the members of ViiV Healthcare Overseas 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:

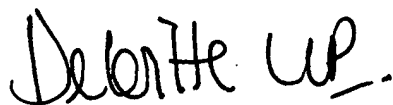
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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  
18 July 2019

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Statement of comprehensive income**  
**for the year ended 31 December 2018**

	Notes	2018 £'000	2017 £'000
Other operating income		12	17
Income from subsidiaries	4	28,874	17,711
<b>Operating profit</b>	5	<b>28,886</b>	<b>17,728</b>
<b>Profit before interest and taxation</b>		<b>28,886</b>	<b>17,728</b>
Finance income	7	336	80
<b>Profit before taxation</b>		<b>29,222</b>	<b>17,808</b>
Taxation	8	(66)	(263)
<b>Profit for the year</b>		<b>29,156</b>	<b>17,545</b>

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.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Balance sheet**  
**as at 31 December 2018**

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Investments in subsidiaries	9	65,810	73,048
<b>Current assets</b>			
Trade and other receivables	10	94,767	58,531
Cash and cash equivalents		-	2
Total current assets		94,767	58,533
<b>Total assets</b>		<b>160,577</b>	<b>131,581</b>
<b>Current liabilities</b>			
Trade and other payables	11	(328)	(488)
<b>Net current assets</b>		<b>94,439</b>	<b>58,045</b>
<b>Total assets less current liabilities</b>		<b>160,249</b>	<b>131,093</b>
<b>Net assets</b>		<b>160,249</b>	<b>131,093</b>
<b>Equity</b>			
Share capital	12	60,850	60,850
Retained earnings		99,399	70,243
<b>Shareholders' equity</b>		<b>160,249</b>	<b>131,093</b>

The financial statements on pages 8 to 19 were approved by the Board of Directors on 18 July 2019 and signed on its behalf by:



D Waterhouse  
**Director**

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Statement of changes in equity**  
**for the year ended 31 December 2018**

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2017		60,850	52,698	113,548
Profit and total comprehensive income for the year		-	17,545	17,545
<b>At 31 December 2017</b>		<b>60,850</b>	<b>70,243</b>	<b>131,093</b>
Profit and total comprehensive income for the year		-	29,156	29,156
<b>At 31 December 2018</b>		<b>60,850</b>	<b>99,399</b>	<b>160,249</b>

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Notes to the financial statements for the year ended 31 December 2018**

**1 Presentation of the financial information**

**General information**

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 to act as an investment holding company.

**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.

**Disclosure exemptions adopted**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. 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),

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Notes to the financial statements for the year ended 31 December 2018**

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

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

***Disclosure exemptions adopted (continued)***

- 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';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

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

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

**(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. GlaxoSmithKline 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 GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is ViiV Healthcare Limited.

**(c) Implementation of IFRS 9 'Financial instruments'**

The Company has applied IFRS 9 'Financial instruments' with effect from 1 January 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities and impairment for financial assets.

Details of these new requirements as well as their impact on the Company's financial statements are described below. The Company has adopted IFRS 9 retrospectively but with certain permitted exceptions as detailed below.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Notes to the financial statements for the year ended 31 December 2018**

**(c) Implementation of IFRS 9 'Financial instruments' (continued)**

**Classification and measurement of financial assets**

The date of initial application was 1 January 2018. The Company has not applied the requirements of IFRS 9 to instruments that were derecognised prior to 1 January 2018 and has not restated prior years. Any difference between the previous carrying amount and the revised carrying amount at 1 January 2018 has been recognised as an adjustment to opening retained earnings at 1 January 2018.

All financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost with movements through the statement of comprehensive income on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company's trade and other receivables were all classified as financial assets measured at amortised cost under IAS 39. Under IFRS 9, the business model under which each portfolio of trade and other receivables held has been assessed. The Company has portfolio under IFRS 9 to collect the contractual cash flows which is measured at amortised cost.

There were no material changes in the carrying value of the financial assets as a result of these changes in measurement basis.

**Impairment of financial assets**

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the Company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

ECLs are applied to all net trade receivables using the simplified approach, and 12-month ECL are applied to all other receivables using the general approach. There were no transition adjustments arising from the change in impairment basis.

**(d) 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 statement of comprehensive income. The functional and presentation currency of the Company is Pounds Sterling.

**(e) Dividends paid and received**

Interim dividends received are included in the statement of comprehensive income 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.

**(f) Finance income**

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

**(g) Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Notes to the financial statements for the year ended 31 December 2018**

**(h) Trade and other receivables**

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

For other receivables, the general approach is used where the Company 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 statement of comprehensive income.

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

**(i) Cash and cash equivalents**

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

**(j) Trade and other payables**

Trade payables are initially recognised at fair value and then held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

**(k) Taxation**

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

**(l) Share capital**

Ordinary shares are classified as equity.

**(m) Trade and other receivables for periods up to and including 31 December 2017**

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the statement of comprehensive income.

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



**ViiV Healthcare Overseas Limited**  
(Registered number: 07027385)

**Notes to the financial statements for the year ended 31 December 2018**

**3 Critical accounting judgments 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 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 Income from subsidiaries**

	2018 £'000	2017 £'000
Dividends from subsidiaries	28,874	17,711

Dividends have been received from the following subsidiary undertakings during the year :

- ViiV Healthcare S.R.L. (Italy) on 31/07/2018 amounted to £5,042,166 (2017: £3,919,121 on 11/08/2017);
- ViiV Healthcare SAS (France) on 31/07/2018 amounted to £3,821,571 (2017: £5,860,813 on 30/06/2017);
- Laboratorios ViiV Healthcare, S.L. (Spain) on 20/12/2018 amounted to £8,969,574 (2017: £3,542,999 on 20/01/2017);
- ViiV Healthcare GmbH (Germany) on 19/02/2018 amounted to £3,015,519 (2017: £nil);
- ViiV Healthcare Kabushiki Kaisha (Japan) on 17/05/2018 amounted to £4,022,230 (2017: £4,387,889 on 19/04/2017);
- ViiV Healthcare sprl on 17/12/2018 amounted to £4,005,024 (2017: £nil);

**5 Operating profit**

	2018 £'000	2017 £'000
<b>The following items have been credited/(charged) in operating profit:</b>		
Exchange gain on foreign currency transactions	19	23
Income from subsidiaries	28,874	17,711
Audit fees	(8)	(5)

**6 Employees**

The Company has no employees as all employees are employed by other Group companies (2017: nil).

**7 Finance income**

	2018 £'000	2017 £'000
On loans with Group undertakings	336	80

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Notes to the financial statements for the year ended 31 December 2018**

**8 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income tax charge on profit</b>		
<b>Current tax:</b>		
UK corporation tax	<b>66</b>	263
Total current tax	<b>66</b>	263
<b>Total tax charge for the year</b>	<b>66</b>	<b>263</b>

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of total tax charge</b>		
Profit on ordinary activities before tax	<b>29,222</b>	17,808
Profit on ordinary activities at the UK statutory rate 19.00% (2017: 19.25%)	<b>5,552</b>	3,428
Effects of:		
Income not taxable	<b>(5,486)</b>	(3,409)
Irrecoverable withholding tax	<b>-</b>	244
<b>Total tax charge for the year</b>	<b>66</b>	<b>263</b>

Factors that may affect future tax charges:

The UK tax rate for the year ended 31 December 2018 is 19%. A further reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was enacted as part of the Finance Act 2016 on 15 September 2016. This will reduce the Company's future tax charge accordingly.

No instance of deferred taxation has been recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

**ViiV Healthcare Overseas Limited**  
(Registered number: 07027385)

**Notes to the financial statements for the year ended 31 December 2018**

**9 Investments in subsidiary undertakings**

	Subsidiary undertakings Shares at cost £'000
Cost and carrying value at 1 January 2017	73,048
Cost and carrying value at 31 December 2017	73,048
Capital reduction	(7,238)
Carrying value at 31 December 2018	65,810

Details of the subsidiary undertakings of the Company as at 31 December 2018 are given in Note 15.

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

In April 2018, subsidiary undertaking ViiV Healthcare Trading LLC in Russia undertook a share capital reduction. These funds were applied against the cost of the investment.

**10 Trade and other receivables**

	2018 £'000	2017 £'000
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	94,767	58,531
	94,767	58,531

The amounts owed by group undertakings are unsecured, interest free and are repayable on demand, except for a call account balance with ViiV Healthcare Trading Services UK Limited of £94,406,000 (2017: £57,942,000) which is unsecured with interest received at LIBOR rate less 0.125% (2017: LIBOR rate less 0.125%) per annum and repayable on demand.

The corporation tax debtor contains amounts which will be received from fellow Group companies

**11 Trade and other payables**

	2018 £'000	2017 £'000
<b>Amounts falling due within one year</b>		
Amounts owed to Group undertakings	8	234
Corporation Tax	320	254
	328	488

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

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

**12 Share capital**

	2018 Number of shares	2017 Number of shares	2018 £'000	2017 £'000
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each (2017: £1 each)	60,850,001	60,850,001	60,850	60,850

**13 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 (2017: £nil).

**ViiV Healthcare Overseas Limited**  
(Registered number: 07027385)

**Notes to the financial statements for the year ended 31 December 2018**

**14 Related party transactions**

With the exception of the loans with Group undertakings, the Company had no other related party transactions in the year with companies outside the Group. 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.

**15 Subsidiaries**

The subsidiaries of the Company as at 31 December 2018 are as follows:

<b>Company</b>	<b>Direct shares held (%)</b>	<b>Indirect shares held (%)</b>	<b>Class of shares held</b>	<b>Address of the registered office</b>
Laboratories ViiV Healthcare, S.L.	100%	-	Ordinary Euro	Severo Ochoa,2 Parque Tecnológico de Madrid Tres Cantos Madrid, 28760, Spain.
ViiV Healthcare (South Africa) (Proprietary) Limited	100%	-	Ordinary	Flushing Meadows Building , The Campus, 57 Sloane Street, Bryanston 2021, South Africa.
ViiV Healthcare BV	100%	-	Ordinary	Huis ter Heideweg 62, 3705LZ, Zeist, Netherlands.
ViiV Healthcare GmbH	100%	-	Ordinary	Prinzregentenplatz 9 München, 81675, Germany.
ViiV Healthcare GmbH	100%	-	Ordinary	Talstrasse 3-5, 3053 Münchenbuchsee, Switzerland.
ViiV Healthcare Hong Kong Limited	100%	-	Ordinary	23/F Tower 6, The Gateway, 9 Canton Road, Harbour City, Tsimshatsui, Kowloon, Hong Kong.
ViiV Healthcare Kabushiki Kaisha	100%	-	Ordinary	1-8-1 Asasaka Minato-ku, Tokyo, Japan.
ViiV Healthcare Pty Ltd	100%	-	Ordinary	1061 Mountain Highway, Boronia, 3155, Australia.

**ViiV Healthcare Overseas Limited**  
**(Registered number: 07027385)**

**Notes to the financial statements for the year ended 31 December 2018**

**15 Subsidiaries (continued)**

<b>Company</b>	<b>Direct shares held (%)</b>	<b>Indirect shares held (%)</b>	<b>Class of shares held</b>	<b>Address of the registered office</b>
ViiV Healthcare Puerto Rico, LLC	100%	-	LLC Interests	Centro Internacional de Mercadeo, 90 carr.165 Torre 2, Suite 800, Guaynabo, 00968, Puerto Rico.
ViiV Healthcare S.r.l.	100%	-	Euros Quota	Via Alenssandro Fleming 2, Verona, 37135, Italy.
ViiV Healthcare SAS	100%	-	Ordinary Euro	23 rue François Jacob, 92500, Rueil-Malmaison, France.
ViiV Healthcare sprl	99%	-	Ordinary	Site Apollo, Avenue Pascal 2-4-6, Wavre, 1300, Belgium.
ViiV Healthcare Trading LLC	100%	-	Participation Interest	Leningradskiy Prospect 37A, Building 4, Floor 3, Premises XV Room 1, Moscow, 121614, Russia.
ViiV Healthcare ULC	100%	-	Common	3500 855- 2nd Street SW, Calgary, T2P4J8, Canada.
ViiV HIV Healthcare Unipessoal Lda	100%	-	Quota	Rua Dr Antonio Loureiro Borges No 3, Arquiparque, Miraflores, Alges, 1495-131, Portugal.