

Tesaro UK Limited
(Registered number: 07890847)

Directors' report and financial statements
for the year ended 31 December 2021

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



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Directors' report and financial statements
for the year ended 31 December 2021

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Tesaro UK Limited
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Directors' report for the year ended 31 December 2021

The Directors present their report on the Tesaro UK Limited (the "Company") for the year ended 31 December 2021.

Principal activities and future developments

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

The principal activity of the Company during the financial year was to act as an investment holding company. In prior years, the principal activity of the Company was the promotion and sale of pharmaceutical products in the United Kingdom, until 1 January 2020 when the Company's operations were transferred to GlaxoSmithKline UK Limited.

Review of business

The Company made a profit for the financial year of £9,859,000 (2020: profit of £251,408,000). 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.

During the year, the Company received dividends of £233,978,000 from Tesaro Bio GmbH and £973,000 from Tesaro Bio Austria GmbH.

The profit for the year of £9,859,000 will be transferred to reserves (2020: profit of £251,408,000 transferred to reserves).

Results and dividends

The Company's results for the financial year are shown in the statement of comprehensive income on page 4.

No dividend was declared or paid during the year (2020: £249,693,000 dividend paid to Tesaro Development Limited).

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:

Edinburgh Pharmaceutical Industries Limited

Glaxo Group Limited

J C M Andries

L Guittard

C Lynch

(Appointed on 11 January 2022)

(Resigned on 11 January 2022)

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 with the exception of the Corporate Directors, where such an interest may arise in the ordinary course of business. A Corporate Director is a legal entity of the Group, as opposed to a natural person (an individual) Director.

Directors' indemnity

Each of the Directors who is an individual, other than those not employed by GlaxoSmithKline Services Unlimited, benefits from an indemnity given by another Group undertaking, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of their engagement in the business of the Company.

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

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 and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 102, 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.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks to asset valuations, including indicators of impairment and impacts on fair values. The Directors have taken into account that as part of the Group, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Risks associated with COVID-19

The potential impact of the COVID-19 pandemic on the Group's performance and all its principal risks has been assessed with mitigations plans put in place. For further disclosures detailing how, during the year, the COVID-19 pandemic has impacted the Group can be found on page 54 of the consolidated financial statements of the Group. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

Audit exemption

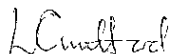
The Company has taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2021.

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Audit exemption (continued)

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

On behalf of the Board



L Guittard
Director
12 May 2022

Tesaro UK Limited
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Statement of comprehensive income
for the year ended 31 December 2021

		2021	2020
	Notes	£'000	£'000
Other operating (expense)/income	4	(53)	267
Income from subsidiaries	5	234,951	251,382
Impairment of investment in subsidiaries	8	(225,124)	(780)
Profit before interest and taxation		9,774	250,869
Finance income	6	35	89
Profit before taxation		9,809	250,958
Taxation	7	50	450
Profit for the year		9,859	251,408

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

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Balance sheet
as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiaries	8	21,246	246,370
Current assets			
Trade and other receivables	9	267,155	32,126
Cash and cash equivalents		34,442	5,195
Total current assets		301,597	37,321
Total assets		322,843	283,691
Current liabilities			
Trade and other payables	10	(29,298)	(6)
Total liabilities		(29,298)	(6)
Total assets less current liabilities		293,545	283,685
Net current assets		272,299	37,315
Net assets		293,545	283,685
Equity			
Share capital	11	1	1
Capital contribution reserve		274,387	274,387
Retained earnings		19,157	9,298
Shareholder's equity		293,545	283,685

For the year ended 31 December 2021, the Company was entitled to exemption for audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- the Directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and preparation of accounts.

The financial statements on pages 4 to 12 were approved by the Board of Directors on 12 May 2022 and signed on its behalf by:



L Guittard
Director

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Statement of changes in equity
for the year ended 31 December 2021

	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2020	274,387	7,583	281,970
Profit and total comprehensive income for the year	-	251,408	251,408
Dividends to shareholders	-	(249,693)	(249,693)
At 31 December 2020	274,387	9,298	283,685
Profit and total comprehensive income for the year	-	9,859	9,859
At 31 December 2021	274,387	19,157	293,544

Tesaro UK Limited
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Notes to the Financial Statements for the year ended 31 December 2021

1 Presentation of the financial statements

General information

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

The principal activity of the Company during the financial year was to act as an investment holding company. In prior years, the principal activity of the Company was the promotion and sale of pharmaceutical products in the United Kingdom. On 1 January 2020, the Company's operations were transferred to GlaxoSmithKline UK Limited.

2 Summary of significant accounting policies

The principal accounting policies adopted 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

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.

Going concern

Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks to asset valuations, including indicators of impairment and impacts on fair values. The Directors have taken into account that as part of the Group, the Company has the ability to request support from the Group where necessary and can take actions to ensure business continuity through operational channels, as well as the ability to manage variable costs. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Financial reporting standard 102- reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of GlaxoSmithKline plc as at 31 December 2021 and these financial statements may be obtained from registered office GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS, England.

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Notes to the Financial Statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(b) Ultimate and immediate parent undertaking

The Company is a wholly owned subsidiary of the ultimate parent company. GlaxoSmithKline plc, a company registered in United Kingdom (England), is the Company's ultimate parent undertaking and controlling party. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS, England. The immediate parent undertaking is Tesaro Development Limited. These financial statements are separate financial statements.

(c) Foreign currency

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.

(d) Dividends paid and received

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

(e) Finance income

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

(f) Investment in subsidiaries

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

(g) Impairment of non-current assets

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

(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.

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Notes to the Financial Statements for the year ended 31 December 2021

2 Summary of significant accounting policies (continued)

(h) Trade and other receivables (continued)

For 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 Company 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 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.

(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.

3 Critical accounting judgements and key sources of estimation uncertainty

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

The Directors do not consider that there are any critical accounting judgements 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 Operating profit

	2021	2020
	£'000	£'000
The following item has been charged/(credited) to operating profit:		
Impairment of subsidiaries	225,124	780
Gain on disposal of business	-	(284)
Exchange loss on foreign currency transactions	20	-
Bank charges	25	9
Management fee	8	6

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Notes to the Financial Statements for the year ended 31 December 2021

4 Operating profit (continued)

During the year, the Company impaired the entire carrying value of two of its subsidiaries, Tesaro Bio GmbH for £225,003,000 and Tesaro Bio Sweden AB for £121,000 as these companies are in the process of liquidation and have no recoverable value.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee of £8,042 (2020: £6,136) is charged. During the previous year, the Company transferred its trade and assets with a book value of £724,000 for consideration of £1,008,000 to GlaxoSmithKline UK Limited resulting in a gain on disposal of £284,000.

5 Income from subsidiaries

	2021	2020
	£'000	£'000
Dividends received during the year	234,951	251,382

During the year, the Company received a dividend of £233,978,000 (2020: £249,693,000) and £973,000 (2020: £961,000) from Tesaro Bio GmbH and Tesaro Bio Austria GmbH respectively. The Company did not receive a dividend (2020: £728,000) from Tesaro Bio Spain S.L.U during the year.

6 Finance income

	2021	2020
	£'000	£'000
On loans with Group undertakings	35	89

7 Taxation

	2021	2020
	£'000	£'000
Income tax credit on profit		
Current tax:		
UK corporation tax at 19.00% (2020: 19.00%)	(3)	14
Overseas tax	(47)	(464)
Total current tax	(50)	(450)
Taxation on profit on ordinary activities	(50)	(450)

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%). The differences are explained below:

	2021	2020
	£'000	£'000
Reconciliation of total tax credit		
Profit on ordinary activities before tax	9,809	250,958
Profit on ordinary activities at the UK statutory rate 19.00% (2020: 19.00%)	1,864	47,682
Effects of:		
Income not taxable	(44,641)	(47,816)
Other permanent differences	42,774	148
Overseas tax	(47)	(464)
Total tax credit for the year	(50)	(450)

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Notes to the Financial Statements for the year ended 31 December 2021

7 Taxation

Factors that may effect future tax charges:

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was enacted on 24 May 2021. This may have an impact on the Company's tax charge of future years accordingly. There is no impact of this change on the current tax charge as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

8 Investment in subsidiaries

	Investment at cost (£'000)
At 1 January 2021	246,370
Impairment charge for the year	(225,124)
At 31 December 2021	21,246
At 31 December 2021	21,246
Carrying value at 31 December 2021	21,246
Carrying value at 31 December 2020	246,370

During the year, the Company impaired the entire carrying value of two of its subsidiaries, Tesaro Bio GmbH for £225,003,000 and Tesaro Bio Sweden AB for £121,000 as these companies are in the process of liquidation and have no recoverable value.

9 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due within one year		
Amounts owed by Group undertakings	267,148	31,885
Corporation tax	4	238
Other receivables	3	3
	267,155	32,126

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand, except for call account balance with GlaxoSmithKline IHC Limited of £237,391,000 (2020: £1,639,000) and GlaxoSmithKline Finance Plc of £29,271,000 (2020: £29,249,000) which is unsecured and repayable on demand with interest received at LIBOR rate less 0.125% per annum up to 1 November 2021. From 1 November 2021, the interest rate changed to SONIA rate less 0.025% per annum (2020: LIBOR rate less 0.125% per annum).

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Notes to the Financial Statements for the year ended 31 December 2021

10 Trade and other payables

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Amounts owed to Group undertakings	29,298	6
The amounts owed to Group undertakings are unsecured, interest free and are repayable on demand.		

11 Share capital

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

12 Reserves

Capital contribution reserve

The capital contribution reserve represents contributions made by the parent company.

13 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose any related party transactions within the Group and disclosure of key management personnel compensation.

14 Subsidiaries

The subsidiaries of the Company as at 31 December 2021 were as follows:

Name	Direct % held	Indirect % held	Class of shares	Registered office
Tesaro Bio GmbH (This company is currently under liquidation.)	100%	-	Ordinary	Poststrasse 6 6300 Zug Switzerland
Tesaro Bio Netherlands B.V	100%	-	Ordinary	Joop Geesinkeg 901- 999-1114 AB, Amsterdam- Duivendrecht
Tesaro Bio Sweden AB	100%	-	Ordinary	c/o BDO Malardalen AB, Skatt, Box 24193- 104 51 Stockholm
Tesaro Bio Spain S.L.U.	100%	-	Ordinary	AV DA Republica 50 10, Avenidas Novas, 1069-211, Lisboa, Portugal