

Tesaro UK Limited
(Registered number: 07890847)

Annual report and financial statements
for the year ended 31 December 2020

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

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Tesaro UK Limited
(Registered number: 07890847)

Annual report and financial statements
for the year ended 31 December 2020

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Tesaro UK Limited
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Strategic report for the year ended 31 December 2020

The Directors present their strategic report on Tesaro UK Limited (the "Company") for the year ended 31 December 2020.

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.

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. The Company's principal activity thereafter was that of an investment holding entity for the Group.

Review of business

The Company made a profit for the financial year of £251,408,000 (2019: profit of £5,849,000). 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 £249,693,000 from Tesaro Bio GmbH, £728,000 from Tesaro Bio Spain S.L.U. and £961,000 from Tesaro Bio Sweden AB. During the year, the Company paid dividends of £249,693,000 to Tesaro Development Limited.

During the year, the Company's operations were transferred to GlaxoSmithKline UK Limited on 1 January 2020 as a part of a restructuring program following the acquisition of the ultimate parent company, Tesaro, Inc. by the Group for \$5 billion. 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.

Furthermore, the subsidiaries of the Company transferred substantially all of their operations to other Group entities.

The profit for the year of £251,408,000 will be transferred to reserves (2019: profit for the year of £5,849,000 transferred to reserves).

Principal risks and uncertainties

The Directors of GlaxoSmithKline plc manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2020 annual Report which does not form part of this report.

Key performance indicators (KPIs)

The Directors of the Group manage the Group's operations on an operating segment basis. For this reason, the Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2020 Annual Report which does not form part of this report.

Impact of Brexit

The UK left the EU on 31 January 2020 and the Brexit transition period ended on 31 December 2020 with a Trade and Cooperation Agreement ('a deal') in place between the UK and EU. The Group's overriding priority in preparing for the UK's exit from the EU has been to maintain continuity of supply of our medicines and vaccines to people in the UK and EU.

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

Impact of Brexit (continued)

The Group's post-Brexit operating model has been implemented, and we continue to work closely with Governments in both the UK and EU, as well as our third parties, on the effective implementation of the deal and to ensure that our sector continues to thrive both in the UK and EU. Over the longer term, we continue to believe that Brexit will not have a material impact on our business.

Risks associated with COVID-19

The potential impact of the COVID-19 pandemic on the Group's performance and all its principal risks have been assessed with mitigation plans put in place. The Group continues to monitor the situation closely, as this continues to be a dynamic and an uncertain situation, with the ultimate severity, duration and impact unknown at this point including potential impacts on its activity. The situation could change at any time and there can be no assurance that the COVID-19 pandemic will not have a material adverse impact on the future results of the Group.

Section 172 Companies Act 2006 Statement

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

In the performance of its duty to promote the success of the Company and the long-term priorities, the Board has agreed to a number of matters, including listening to and considering the views of shareholders and the Company's other stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate.

Further disclosures detailing how, during the year, the Directors addressed the matters set out in Section 172(1) (a) to (f) of the Companies Act, can be found in the consolidated financial statements of the Group, of which the Company is a member and no additional considerations are deemed necessary for the Company as the relevant matters are all considered in the Group accounts. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex, TW8 9GS.

On behalf of the Board



C Lynch
Director
18 August 2021

Tesaro UK Limited
(Registered number: 07890847)

Directors' report for the year ended 31 December 2020

The Directors present their report on the Tesaro UK Limited (the "Company") for the year ended 31 December 2020.

Results and dividends

The Company's results for the financial year are shown in the statement of comprehensive income on page 5.

During the year ended 31 December 2020, the Company paid dividends of £249,693,000 to Tesaro Development Limited. No dividend was paid during the year ended 31 December 2019.

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	(Appointed on 30 March 2020)
Glaxo Group Limited	(Appointed on 30 March 2020)
J C M Andries	
C Lynch	(Appointed on 17 April 2020)
A P P Miles	(Resigned on 24 February 2020)
R J Latchford	(Resigned on 17 April 2020)
J A Jackson	(Resigned on 1 April 2020)

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 his or her 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 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.

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

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 and 2:

- principal activities and future developments;
- review of business;
- principal risks and uncertainties;
- Key performance indicators (KPIs);
- impact of Brexit;
- risks associated with COVID-19; and
- section 172 Companies Act 2006 Statement.

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.

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 2020.

On behalf of the Board



C Lynch
Director
18 August 2021

Tesaro UK Limited
(Registered number: 07890847)

Statement of comprehensive income
for the year ended 31 December 2020

		2020	2019		
	Notes	£'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Turnover	4	-	-	20,260	20,260
Cost of sales		-	-	(12,363)	(12,363)
Operating profit		-	-	7,897	7,897
Administrative expenses		-	-	(8,984)	(8,984)
Other operating income	5	267	-	6,438	6,438
Income from subsidiaries	6	251,382	-	-	-
Impairment of investment in subsidiaries	10	(780)	-	-	-
Profit before interest and taxation		250,869	-	5,351	5,351
Finance income	8	89	16	-	16
Profit before taxation		250,958	16	5,351	5,367
Taxation	9	450	482	-	482
Profit for the year		251,408	498	5,351	5,849

The results disclosed above for the current year relate entirely to continuing operations. 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. The comparatives relating to the disposed trade are disclosed separately as discontinued operations.

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.

Tesaro UK Limited
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Balance sheet
as at 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Investments in subsidiaries	10	246,370	247,150
Current assets			
Trade and other receivables	11	32,126	32,721
Cash and cash equivalents		5,195	4,808
Total current assets		37,321	37,529
Total assets		283,691	284,679
Current liabilities			
Trade and other payables	12	(6)	(2,503)
Non-current liabilities			
Trade and other payables	12	-	(206)
Total liabilities		(6)	(2,709)
Total assets less current liabilities		283,685	282,176
Net current assets		37,315	35,026
Net assets		283,685	281,970
Equity			
Share capital	13	-	-
Capital contribution reserve		274,387	274,387
Retained earnings		9,298	7,583
Shareholder's equity		283,685	281,970

For the year ended 31 December 2020, 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 5 to 16 were approved by the Board of Directors on 18 August 2021 and signed on its behalf by:



C Lynch
18 August 2021

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

	Notes	Called up share capital £'000	Dividend reserve £'000	Stock option reserve £'000	Impairment reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2019		-	10,747	1,792	(8,442)	274,387	(2,774)	275,710
Profit and total comprehensive income for the year		-	-	-	-	-	5,849	5,849
Total comprehensive income for the year		-	-	-	-	-	5,849	5,849
Contributions by owners								
Stock option reserve transfer		-	-	(3,995)	-	-	2,203	(1,792)
Stock option charge		-	-	2,203	-	-	-	2,203
Dividend reserve transfer		-	(10,747)	-	-	-	10,747	-
Impairment reserve transfer of investment in Tesaro Bio Germany GmbH		-	-	-	8,442	-	(8,442)	-
Total transactions with owners		-	(10,747)	(1,792)	8,442	-	4,508	411
At 31 December 2019		-	-	-	-	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

Tesaro UK Limited
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Notes to the Financial Statements for the year ended 31 December 2020

1 Presentation of the financial statements

General information

The Company is a private 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.

The principal activity of the Company was the promotion and sale of pharmaceutical products in United Kingdom. On 1 January 2020, the Company's operations were transferred to GlaxoSmithKline UK Limited. The Company's principal activity hereafter would be that of being an investment holding entity for the Group.

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 2020 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 2020

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. The immediate parent undertaking is Tesaro Development Limited. These financial statements are separate financial statements.

(c) Foreign currency transactions

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the income statement. The functional and presentation currency of the Company is Pounds Sterling.

(d) Turnover

Turnover relates to the receipt of a distribution return from the manufacture and distribution of products for which it owns the intellectual property rights, and license income from other Group undertakings and third parties. Whereby the distribution return is an income, it is categorised as Turnover. Distribution losses are recorded in cost of sales.

Turnover comprises of third party royalty income, inter-company royalty income and positive residual profit returns.

The net profit remaining after accounting for all third party income and expenses, and inter-company expenses related to the supply and management of the product, is returned to the intellectual property rights holders in the form of a residual return. If the return is an income, it is categorised as turnover, and if it is a cost, it is categorised as cost of sales.

Turnover is recognised when the third party or inter-company revenue, and associated expenses of the product cause the title and risk of loss to pass to the customer and/or inter-company counterparty. Reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

(e) Dividends paid and received

Interim dividends from investment in subsidiary 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. Dividends in specie are recognised at their fair value at the date of receipt. Dividend received on preference share investments are recognised in the statement of comprehensive income.

(f) Finance income

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

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Notes to the Financial Statements for the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

(g) Share based payments

The Company previously operated a number of equity-settled, share-based compensation plans, under which the entity received services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options were recognised as an expense. The total amount expensed was determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the Company revised its estimates of the number of options that were expected to vest based on the non-market vesting conditions and service conditions. It recognised the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value was estimated for the purposes of recognising the expense during the period between service commencement and grant date.

When the options are exercised, the Company issued new shares. The proceeds received, net of any directly attributable transaction costs, were credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group was treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, were recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options were considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction.

(h) Financial assets

Financial assets are measured at amortised cost, fair value through other comprehensive income ('FVTOCI') 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.

(i) Impairment of financial assets

Expected credit losses are recognised in the statement of comprehensive income on financial assets measured at amortised cost and at fair value through other comprehensive income apart from equity investments.

For financial assets other than trade receivables 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.

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Notes to the Financial Statements for the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

(j) Investment in subsidiaries

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

(k) 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. Additionally, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Any provision for impairment is charged to the statement of comprehensive income in the year concerned.

(l) 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 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.

(m) 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.

(n) 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.

(o) 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.

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Notes to the Financial Statements for the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

(p) Pensions

The Company participates in Group operated hybrid pension schemes for the benefit of the majority of its employees, the assets of which are held separately from those of the Company in independently administered funds. As the Company is unable to identify its share of the assets and liabilities of the Group scheme, it accounts for contributions as if they were to a defined pension scheme. Contributions are charged to the income statements in the year to which they relate.

(q) Financial instruments

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

(r) Leased assets

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

(s) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

(t) Termination payments

Termination payments relate to severance costs due in relation to those employees who will not be retained on transfer of the business operations to GlaxoSmithKline plc.

(u) 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.

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Notes to the Financial Statements for the year ended 31 December 2020

4 Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£'000	£'000
Marketing Support Service Fees	-	7,516
Product Sales	-	12,744
	-	20,260

5 Operating profit

	2020	2019
	£'000	£'000
The following item has been charged/ (credited) to operating profit:		
Profit on sale of subsidiaries	-	(6,438)
Defined contribution pension cost	-	152
Other operating lease rentals	-	324
Gain on disposal of business	(284)	-
Exchange gains on foreign currency transactions	-	(24)
Bank charges	9	-
Management fee	6	3
Accelerated equity-settled share option charge	-	2,203

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee of £6,136 (2019: £nil) is charged. 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.

6 Income from subsidiaries

	2020	2019
	£'000	£'000
Dividends received during the year	251,382	-

Tesaro UK Limited received a dividend of £249,693,000 (2019: £nil) from Tesaro Bio GmbH on 14 August 2020, a dividend of £961,000 (2019: £nil) from Tesaro Bio Sweden AB on 16 September 2020 and a dividend of £728,000 (2019: £nil) from Tesaro Bio Spain S.L.U on 30 November 2020.

7 Employees

Staff costs were as follows:

	2020	2019
	£'000	£'000
Staff salaries	-	3,088
Termination costs	-	406
Social security costs	-	796
Cost of defined contribution scheme	-	152
Accelerated share based payment charge	-	2,203
	-	6,645

The average monthly number of employees, including directors, during the year was nil (2019: 20). All employee contracts were transferred to GlaxoSmithKline Services Unlimited during the year.

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Notes to the Financial Statements for the year ended 31 December 2020

8 Finance income

	2020 £'000	2019 £'000
On loans with Group undertakings	89	16

9 Taxation

	2020 £'000	2019 £'000
Income tax credit on profit		
Current tax:		
UK corporation tax at 19.00% (2019: 19.00%)	14	-
Adjustments in respect of previous years	-	(206)
Overseas tax	(464)	(486)
Total current tax	(450)	(692)
Deferred tax		
Origination and reversal of timing differences	-	210
Total deferred tax	-	210
Taxation on profit on ordinary activities	(450)	(482)

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Reconciliation of total tax credit		
Profit on ordinary activities before tax	250,958	5,367
Profit on ordinary activities at the UK statutory rate 19.00% (2019: 19.00%)	47,682	1,020
Effects of:		
Income not taxable	(47,816)	(1,223)
Other permanent differences	148	184
Losses carried back	-	206
Adjust opening deferred tax to average rate	-	(25)
Adjust closing deferred tax to average rate	-	5
Overseas tax	(464)	(486)
Adjustments in respect of previous years	-	(206)
Deferred tax not recognised	-	43
Total tax credit for the year	(450)	(482)

Factors that may effect future tax charges:

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. There is no impact of this change on the 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.

On 3 March 2021 the Chancellor announced a change to increase the main rate of corporation tax by 6% from 19% to 25% effective from 1 April 2023. This may have an impact on the Company's tax charge of future years accordingly.

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Notes to the Financial Statements for the year ended 31 December 2020

9 Taxation (continued)

Movement in deferred tax

	2020	2019
	£'000	£'000
At beginning of year	-	209
Credited to profit or loss	-	(209)
At the end of year	-	-

10 Investment in subsidiaries

	Investment at cost (£'000)
At 1 January 2020	247,150
Impairment charge for the year	(780)
At 31 December 2020	246,370
Carrying value at 31 December 2020	246,370
Carrying value at 31 December 2019	247,150

The Company's investment in Tesaro Bio Spain S.L.U. was impaired in full by £3,000 following its liquidation in the current year. In addition, the Company's investment in Tesaro Bio Sweden AB has been impaired by £777,000 to its recoverable amount of £121,000 from £898,000.

11 Trade and other receivables

	2020	2019
	£'000	£'000
Amounts due within one year		
Amounts owed by Group undertakings	31,885	29,733
Prepayments	-	46
Corporation tax	238	252
Other receivables	3	2,690
	32,126	32,721

The amounts owed by Group undertakings are unsecured, interest free and are repayable on demand, except for call account balances with GlaxoSmithKline Finance plc of £29,249,000 (2019: £nil) and balances with GlaxoSmithKline Finance plc of £1,639,000 (2019: £nil) which is unsecured with interest received at LIBOR less 0.125% (2019: nil).

12 Trade and other payables

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Amounts owed to Group undertakings	6	-
Other taxation and social security	-	744
Accruals and deferred income	-	1,759
	6	2,503
Amounts falling due after more than one year		
Accruals	-	206

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

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Notes to the Financial Statements for the year ended 31 December 2020

13 Share capital

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

14 Reserves

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Capital redemption reserve

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

Profit and loss account

The profit and loss account represents cumulative profits, losses and total other comprehensive income of the Company, net of dividends paid.

15 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.

16 Subsidiaries

The subsidiaries of the Company as at 31 December 2020 were as follows:

Name	Direct % held	Indirect % held	Class of shares	Registered office
Tesaro Bio GmbH	100%	-	Ordinary	Poststrasse-6-6300 Zug
Tesaro Bio Netherlands B.V	100%	-	Ordinary	Joop Geesinck 901-999-1114 AB, Amsterdam-Duivendrecht
Tesaro Bio Spain S.L.U.	100%	-	Ordinary	Severo Ochoa 2 Parque Tecnológico de Madrid, 28760, Spain
Tesaro Bio Austria GmbH in Liqui	100%	-	Ordinary	Fleischmarkt 1/6/12-1010 Vienna
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