

# **Cambridge Antibody Technology Group Limited**

Report and Financial Statements

Registered number 3234033

31 December 2019

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## Strategic Report

### Principal activities

The principal activity of the Cambridge Antibody Technology Group Limited (the "**Company**") continues to be holding investments in subsidiaries that are engaged in research, development and exploitation of products in the field of molecular engineering.

### Business review

The Company's Financial Statements ("**Financial Statements**") have been prepared in accordance with Financial Reporting Standard 101 Reduced disclosure Framework ("**FRS 101**"). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("**Adopted IFRSs**"), but adds to these requirements where necessary in order to comply with Companies Act 2006. Business performance outlines below is disclosed in accordance with FRS 101.

The Company recorded a loss of £482,000 during the year ended 31 December 2019 (2018: profit of £872,000).

The Company's loss during the year ended 31 December 2019 (2018: profit) was mainly driven by foreign exchange losses/(2018: gains) on debtor balances denominated in foreign currency.

During the year ended 31 December 2019, there was a share issuance to AstraZeneca AB for one share which increased the share capital by the nominal value of £0.10 and share premium by £405,113,000.

The Company had net assets of £2,744,612,000 at 31 December 2019 (2018: £2,339,981,000).

### Future outlook

The directors do not foresee a change in the operations of the company.

### Key performance indication

Considering the limited activities undertaken by the Company, there are no key performance indicators relevant to gaining an understanding of the development, performance and position of the Company.

### Financial risk management

The principal financial risks to which the Company is exposed are those of liquidity, interest rate, foreign currency and credit. Each of these is managed in accordance with AstraZeneca PLC Board-approved policies. For full details of these financial risks and AstraZeneca Group's approach to financial risk management, see Note 27 Financial risk management objectives and policies within the Notes to the Group Financial Statements section of the AstraZeneca Annual Report and Form 20-F Information 2019, which is available online or can be obtained from the address given in Note 9.

### Companies Act 2006 section 172(1) statement in respect of Directors actions

When making decisions, the Directors of the Company must act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, section 172(1) (s.172(1)) requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term
- interests of the company's employees
- need to foster the company's business
- relationships with suppliers, customers and others
- impact of the company's operations on the community and environment
- desirability of the company maintaining a reputation for high standards of business conduct and
- need to act fairly as between members of the company.

**Strategic Report (continued)**

**Companies Act 2006 section 172(1) statement in respect of Directors actions (continued)**

In discharging their s.172(1) duties the Directors have had regard to the relevant factors set out above, as well as other factors relevant to the decisions being made. The Directors acknowledge that every decision made will not necessarily result in a positive outcome for all stakeholders of the Company. The Directors also acknowledge that the Company is a member of the AstraZeneca Group and by considering AstraZeneca PLC's purpose and values, together with the Company's strategic priorities, the Directors aim to ensure that the decisions made are consistent and intended to promote the long-term success of the Company and the AstraZeneca Group.

Noting the size and spread of the Company's stakeholders and close alignment with the stakeholders of the AstraZeneca Group, the Company conducted its stakeholder engagement at Group level. Engaging at Group level was deemed the most efficient and effective method of engagement, to help achieve a greater positive impact on environmental, social and other related matters. The AstraZeneca Group engaged with key stakeholders throughout the year to understand the issues and factors that are significant for these stakeholders, and a number of actions were taken as a result of this engagement at Group level. The interaction with stakeholders, and the impact of these interactions, is set out in the Strategic Report of the AstraZeneca PLC Annual Report & Form 20-F 2019. In particular, the consideration and impact of the Group's operations on the environment are contained throughout the Strategic Report, including on pages 38-39 and Ambition Zero Carbon on page 53 of the AstraZeneca PLC Annual Report & Form 20-F 2019.

The Directors' held active meetings throughout the reporting year and reviewed and considered their skills and expertise applicable to their position as Directors' of the Company.

**Principal risks and uncertainties**

The pharmaceutical sector is inherently risky and there are a variety of risks and uncertainties affecting the Company's business. The Company's principal activity of holding investments in subsidiaries engaged in this industry exposes it to these risks. Dividend income in future periods could decrease as a result of the performance of the Company's subsidiaries. For full details of these risks and AstraZeneca Group's approach to risk management, see the section entitled Risk overview within the Strategic Report section of the AstraZeneca PLC Annual Report and Form 20-F Information 2019, which is available online or can be obtained from the address given in Note 9.

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). Following Royal Assent of the European Union (Withdrawal Agreement) Act on 23 January 2020 and ratification of the Withdrawal Agreement by the European Parliament on 24 January 2020, the UK left the EU on 31 January 2020 and became a third country with a transition period running to 31 December 2020. The progress of current negotiations between the UK Government and the EU on their future relationship and the ratification of the outcome of those negotiations will likely determine the future terms of the UK's relationship with the EU following the end of the transition period. Until these negotiations and parliamentary ratification processes are completed, it is difficult to anticipate the potential impact on AstraZeneca's market share, sales, profitability and results of operations. The Group operates from a global footprint and retains flexibility to adapt to changing circumstances. The uncertainty during and after the period of negotiation is expected to increase volatility and may have an economic impact, particularly in the UK and Eurozone. Since the time of the referendum in 2016, the Group has responded by engaging proactively with key external stakeholders and establishing a cross-functional internal steering and implementation committee to understand, assess, plan and implement operational actions that may be required. The vast majority of these actions have already been implemented based on an assumption that the UK would have left the EU without a deal in 2019 (hard Brexit/no deal) such that the Group has been able to mitigate the risks arising from variable external outcomes. In June 2020, the UK Government announced that there was to be no request for an extension to the Brexit transition period. The transition period will therefore end, as planned, on 31 December 2020. Current EU/UK negotiations will continue at pace, as they look to finalise a deal. There is no guarantee that a deal will be finalised by the end of the transition period however the Group continues to monitor the situation closely. Currently, the vast majority of the operational actions necessary to respond to this scenario have been

**Strategic Report (continued)**

**Principal risks and uncertainties (continued)**


implemented including, but not limited to: engagement with government and regulators; duplication of release testing and procedures for products for the EU27 and the UK markets; transfer of regulatory licences, redesign of packaging and labelling, additional inventory builds and changes to logistics plans and shipping routes; customs and duties set up for introduction or amendment of existing tariffs or processes; associated IT systems reconfigurations; and banking arrangement changes. The AstraZeneca PLC Board reviews the potential impact of Brexit regularly as an integral part of its Principal Risks rather than as a standalone risk. The AstraZeneca PLC Board continues to assess the impact of the Group's Brexit readiness plans.

**Post balance sheet events**

On 25 March 2020 the Company issued a share and received payment from AstraZeneca AB for nominal value £0.10 plus share premium of £334,622,000 which was used to increase its investment in MedImmune Limited, by making a payment for the subscription of one share in the subsidiary for nominal value £0.50 plus a share premium of £334,622,000.

Assessment of Covid-19 is provided in the Going concern statement in the Directors' report.

On behalf of the Board

DocuSigned by:  
  
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Iain Alistair Collins  
Director  
11 December 2020

**Cambridge Antibody Technology Group Limited**  
**31 December 2019**

**Directors**    Iain Alistair Collins  
                  Adrian Charles Noel Kemp  
                  Matthew Shaun Bowden (appointed 27 February  
                  2019)  
                  Katie Louise Jackson-Turner (resigned 27  
                  February 2019)

**Registered Office**    1 Francis Crick Avenue  
                              Cambridge Biomedical  
                              Campus  
                              Cambridge  
                              CB2 0AA

**Secretary**    Camilla Jane Johnstone

**Independent Auditors**    PricewaterhouseCoopers LLP  
                                  1 Embankment Place  
                                  London WC2N 6RH

**Date: 11 December 2020**

The Directors of the Company present their report and the audited Financial Statements of the Company for the year ended 31 December 2019.

**Directors**

The Directors whose names appear at the head of this report were Directors of the Company at the date of approval of this Directors' Report, except as detailed above.

The Directors are indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 2-4.

The COVID-19 outbreak has spread rapidly since the end of the financial year. Governments across the globe, including the UK, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. The Company and its management has considered all possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial statements and therefore, believes that the current pandemic is not likely to have a material impact on the operations and financial position of the Company.

The impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

On the basis of their assessment, the Company's Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

**Dividends**

The Directors do not recommend the payment of a dividend (2018: £nil).

**Political donations**

The Company made no political donations during the year (2018: £nil).

**Post balance sheet events**

Post balance sheet events are set out in the Strategic Report.

**Future developments**

The Company's future developments are referred to in the Strategic Report.


**Statement as to disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Independent auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By Order of the Board

DocuSigned by:  
  
0A7EDB465EB14BA...  
Iain Alistair Collins  
Director  
11 December 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework* ("**FRS 101**").

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



# ***Independent auditors' report to the members of Cambridge Antibody Technology Group Limited***

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

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### **Opinion**

In our opinion, Cambridge Antibody Technology Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; Income Statement, the Statement of Changes in Equity for the year then ended; the Accounting Policies; and the Notes to the Financial Statements.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### *Auditors' 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 auditors' 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 auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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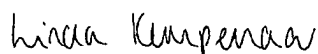
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Linda Kempenaar (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge  
11 December 2020

# INCOME STATEMENT

For the year ended 31 December	Note	2019 £000	2018 £000
Finance (expense)/income	3	(482)	872
<b>(Loss)/profit before taxation</b>		<b>(482)</b>	<b>872</b>
Tax on (loss)/profit	4	-	-
<b>(Loss)/profit for the financial year</b>		<b>(482)</b>	<b>872</b>

All activities were in respect of continuing operations.

The reported profits and losses represent the total comprehensive income for the year, therefore a statement of Comprehensive Income has not been presented.

The accounting policies on pages 13 to 15 and the Notes to the Financial Statements on pages 16 to 18 form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

At 31 December	Note	2019 £000	2018 £000
<b>Fixed Assets</b>			
Investments	5	2,575,831	2,170,718
		2,575,831	2,170,718
<b>Current assets</b>			
Debtors	6	168,781	169,263
<b>Net current assets</b>		168,781	169,263
<b>Net assets</b>		2,744,612	2,339,981
<b>Capital and reserves</b>			
Called up share capital	7	5,528	5,528
Share premium account		2,701,180	2,296,067
Retained earnings		37,904	38,386
<b>Total equity</b>		2,744,612	2,339,981

The accounting policies on pages 13 to 15 and the Notes to the Financial Statements on pages 16 to 18 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 11 December 2020 and were signed on its behalf by:

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Iain Alistair Collins  
Director  
11 December 2020

STATEMENT OF CHANGES IN EQUITY

	Called up Share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
<b>Balance at 1 January 2018</b>	5,528	2,296,067	37,514	2,339,109
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	872	872
Total comprehensive income for the year	-	-	872	872
<b>Balance at 31 December 2018</b>	5,528	2,296,067	38,386	2,339,981
<b>Total comprehensive loss for the year</b>				
Loss for the year	-	-	(482)	(482)
Total comprehensive loss for the year	-	-	(482)	(482)
<b>Transactions with owners, recorded directly in equity</b>				
Issue of ordinary shares	-	405,113	-	405,113
<b>Balance at 31 December 2019</b>	5,528	2,701,180	37,904	2,744,612

## ACCOUNTING POLICIES

### Basis of presentation of financial information

The Company is a private limited company, limited by shares, incorporated and domiciled in England and Wales. The Company's financial statements are prepared in Sterling, which is the functional currency of the Company rounded to the nearest £ thousand.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("**Adopted IFRSs**"), but adds to these requirements where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, AstraZeneca PLC includes the Company in its consolidated financial statements. The consolidated financial statements of AstraZeneca PLC are prepared in accordance with Adopted IFRSs and are available to the public and may be obtained from the address given in Note 9.

In these Financial Statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.
- Comparative period reconciliations for fixed assets investments.

As the consolidated Financial Statements of AstraZeneca PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

### Basis of accounting

The Financial Statements are prepared under the historical cost convention.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. Therefore, these Financial Statements present information about the Company as an individual undertaking and not about its group.

## ACCOUNTING POLICIES (continued)

### Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2-4.

The COVID-19 outbreak has spread rapidly since the end of the financial year. Governments across the globe, including the UK, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. The Company and its management has considered all possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial statements and therefore, believes that the current pandemic is not likely to have a material impact on the operations and financial position of the Company.

The impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

On the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

### Estimates and judgements

The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The accounting policy descriptions set out the areas where judgements and estimates need exercising. There are no judgements and estimates which are considered to be key judgements or significant estimates.

### Foreign currency

The Company's Financial Statements are presented in Sterling which is also the Company's functional currency. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

### Taxation

Tax on the profit or loss for the year includes the consideration of current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## ACCOUNTING POLICIES (continued)

### Investments in subsidiaries

Investments in subsidiary undertakings, associates and joint ventures are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

### Debtors

Amounts owed by Group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Following the adoption of IFRS 9 on 1 January 2018 the Company introduced the expected credit loss approach to establish an allowance for impairment that represents its estimate of expected losses in respect of Amounts owed by Group undertakings. Given the general quality and short-term nature of our debtors, there was no material impact assessed arising from the introduction of this method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all Amounts owed by Group undertakings. To measure expected credit losses Amounts owed by Group undertakings have been grouped based on shared credit characteristics and the days past due.

Amounts owed by Group undertakings are written off where there is no reasonable expectation of recovery.

Impairment losses on Amounts owed by Group undertakings are presented as net impairment losses within operating profit, any subsequent recoveries are credited against the same line.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Employees and Directors

None of the Directors received any emoluments in respect of their services to the Company during the year (2018: £nil). The Company employed no staff (2018: nil) during the year.

### 2. Auditors' remuneration

The auditors' remuneration of £5,000 (2018: £5,000) is borne by AstraZeneca UK Limited, a fellow subsidiary of AstraZeneca PLC.

### 3. Finance (expense)/income

	2019 £000	2018 £000
<b>Finance (expense)/income</b>		
Foreign exchange (loss)/gains	(482)	872
<b>Net finance (expense)/income</b>	(482)	872

### 4. Tax on (loss)/profit

	2019 £000	2018 £000
<b>UK corporation tax</b>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	-
<b>UK Corporation tax on (loss)/profit</b>	-	-

The tax assessed for the year is higher than (2018 – lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
<b>Tax reconciliation</b>		
(Loss)/profit before tax	(482)	872
Current tax at 19%	(92)	166
<b>Effects of:</b>		
Expenses not deductible for tax purposes	620	723
Group relief not paid	(528)	(889)
<b>Tax on (loss)/profit</b>	-	-

### Factors affecting the tax charge in future periods

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. During March 2020, a Parliamentary Notice was enacted such that the UK corporation tax rate continues to be 19% after 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2019	2,170,718
Additions	405,113
At 31 December 2019	2,575,831
<b>Net book value</b>	
At 31 December 2019	2,575,831
At 31 December 2018	2,170,718

On 18 December 2019 the Company issued one share and received payment from AstraZeneca AB for nominal value £0.10 plus share premium of £405,113,000 which was used by the company to increase its investment in MedImmune Limited, by making a payment for the subscription of one share in the subsidiary for nominal value £0.50 plus a share premium of £405,113,000.

The subsidiary undertakings of the company are as follows:

Investments	Percentage of share capital held	Class of shares held
MedImmune Limited <i>Milstein Buildings, Granta Park, Cambridge, CB21 6GH, England and Wales</i>	100%	Ordinary
Optein, Inc. (trading as Aptein Inc.) <i>2711 Centerville Road, Suite 400, Wilmington, Delaware, 1989, USA</i>	100%	Ordinary

In the Directors' opinion, the investments in and amounts due from the Company's investments are worth at least the amounts at which they are stated in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	168,781	169,263
	168,781	169,263

The amounts are receivable from Group companies on demand.

The Company has financial assets that are subject to the expected credit loss model under IFRS 9. In applying the expected credit loss model to Amounts owed by Group undertakings, no impairment has been recognised given the principal financial risks to which Group companies are exposed, being those of liquidity, interest rate, foreign currency and credit, are managed in accordance with AstraZeneca PLC Board-approved policies.

7. Called up share capital

	2019 £000	2018 £000
<b>Allotted, called up and fully paid:</b>		
55,279,616 (2018 – 55,279,615) Ordinary Shares of 10 pence each	5,528	5,528

On 18 December 2019 the company issued a share and received payment from AstraZeneca AB for nominal value £0.10 plus share premium of £405,113,000 which was used by the company to increase its investment in MedImmune Limited, by making a payment for the subscription of one share in the subsidiary for nominal value £0.50 plus a share premium of £405,113,000.

8. Related party transactions

As the Company is a wholly owned subsidiary of AstraZeneca PLC, the Company has taken advantage of the exemption contained in FRS 101.8(k) and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. There are no other related party transactions.

9. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a wholly-owned subsidiary undertaking of AstraZeneca AB, a company incorporated in Sweden.

The smallest and largest group in which the results of the Company are consolidated is that headed by AstraZeneca PLC, which is the ultimate controlling party. The consolidated financial statements of this group are available to the public online and may be obtained from the registered office, 1 Francis Crick Avenue, Cambridge Biomedical Campus, Cambridge, CB2 0AA.

10. Post-balance sheet events

On 25 March 2020 the Company issued a share and received payment from AstraZeneca AB for nominal value £0.10 plus share premium of £334,622,000 which was used to increase its investment in MedImmune Limited, by making a payment for the subscription of one share in the subsidiary for nominal value £0.50 plus a share premium of £334,622,000.

Assessment of Covid-19 is provided in the Going concern section within the Basis of presentation of financial information section on page 14.