

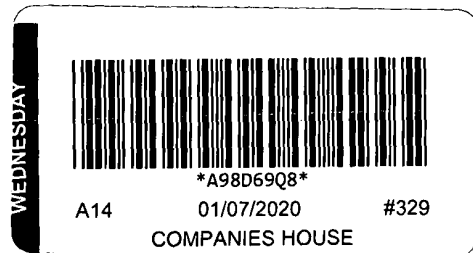
Registered number: 03286306

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**ASHFIELD HEALTHCARE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**



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**ASHFIELD HEALTHCARE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	N. Burns A. Pavucek (appointed 29 March 2019) M.O'Leary (appointed 31 May 2019) S. Bainbridge (resigned 30 April 2019) N. Mansford (resigned 31 May 2019)
<b>Company secretary</b>	D. Moynagh (appointed 29 March 2019)) S. Bainbridge (resigned 30 April 2019)
<b>Registered number</b>	03286306
<b>Registered office</b>	Ashfield House Resolution Road Ashby-de-la-zouch Leicestershire United Kingdom LE65 1HW
<b>Independent auditors</b>	Ernst & Young Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2 Ireland
<b>Bankers</b>	Natwest 6 Grange Road West Charing Cross Birkenhead Merseyside United Kingdom CH41 4DF

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**ASHFIELD HEALTHCARE LIMITED**

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## ASHFIELD HEALTHCARE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### Principal Activities

The main activity of the Company continues to be Contract Sales Outsourcing (CSO) for the global pharmaceutical industry. The Company provide field based sales representatives to promote the pharmaceutical clients' products. The Company also provides nurse advisors to help administer, audit, educate and program re-design as appropriate depending on the client's needs. Other services include our contact centre offerings, which provide phone based compliance services that utilise our nurse led programs led care, medical information and sales tele-detailing to healthcare professionals. Additionally, the Company licenses intellectual property as well as providing strategic value added services to other Ashfield Division entities.

#### Business review

The Company achieved a turnover of £44,364,697 in respect of contract sales and services outsourcing for the year ended 30 September 2019 (2018: £54,638,389), which is a decrease of 18.8% on the prior year. The UK market is a mature market which has seen Ashfield Healthcare Limited maintain its market position as the leading contract sales outsourcer. The Company also generated revenues from the licensing of intellectual property and the provision of value added services to group companies of £20,164,651 (2018: £16,353,474).

The Company produced an operating profit before taxation of £3,576,641 for the year ended 30 September 2019 (2018: loss of £1,138,364).

Shareholders' funds amounted to £22,145,424 at 30 September 2019 (2018: £24,379,326).

#### Principal risks and uncertainties

The principal risks facing the company relate to those risks associated with the pharmaceutical industry as the Company's services are marketed exclusively to this sector. These risks include:

- The lack of new products in the Pharmaceutical company's pipeline leaving no new drugs to promote, which can then directly impact on how many representatives are put through the Company to promote their product;
- The expiry of patents on drugs which may lead to less investment in the promotion of these drugs;
- Mergers and acquisitions between pharmaceutical companies potentially reducing the number of target clients for the Company;
- Challenges on costs from procurement pressures by the clients to continually squeeze margins;
- Intense competition in the CSO market from new smaller companies with the relevant sector experience, trying to gain market share; and
- The UK market is increasingly seen as being unfavourable for the pharmaceutical sector. Launch uptakes in the UK are poor and barriers to sales are considerable. Other alternative markets are seen as more investable.
- The COVID-19 outbreak is an unprecedented global event whose impacts and duration are not yet fully known. A prolonged outbreak could negatively impact the economic environment in which the company operates (see note 18).

These risks are mitigated by continuing to deliver a flexible, high quality service to the Company's clients to provide them with the solution they need for their business.

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**ASHFIELD HEALTHCARE LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Financial key performance indicators**

The key performance indicators for the company are highlighted in the below table:

	2019 £'000's	2018 £'000's
Operating profit	£3,577	(£1,138)
Operating profit percentage	5.5%	-1.6%

The Company's gross profit of 46.5% (2018: 41.6%) shows a strong performance of the overall business given the procurement pressures received from clients for reduced prices in a competitive marketplace, together with the implementation of licencing charge on intellectual property and the provision of value added services to group undertakings in the current year offset by increased UDG Healthcare plc franchise fees incurred. The performance of the contact centre continues to remain profitable as the Company's clients see the benefits of the variety of services that the Company has to offer over and above competitors along with the restructuring of the business during the financial year. The business continues to review competitive services to our clients, including investments in technologies to support the growth of our contact centre, clinical & commercial offering. The operating profit increase to 5.5% (2018: loss of 1.6%), is as a result of cost reductions through the business restructure.

**Financial Risks**

The Company's activities expose it to a number of financial risks including costs, the nature of our commercial contracts, exchange rates, insurances and other financial risks. The Company's financial instruments comprises of cash and other items such as trade debtors and creditors arising from operations. The main risks arising from these financial instruments are credit risk and liquidity risk.

The board reviews and agrees policies for the prudent management of these financial risks as follows:


**Credit risk**

This is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's principal financial assets are trade and other receivables and bank balances. The Company's credit risk attributable to its trade receivables is limited as the greater majority of the Company's customers are blue chip pharmaceutical companies in the UK.

**Liquidity risk**

Ashfield Healthcare Limited has strong operating cash-flows and has focused efforts on managing its working capital.

This report was approved by the board and signed on its behalf.

  
.....  
A. Pávuček  
Director

Date: 26 June 2020

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**ASHFIELD HEALTHCARE LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The directors present their report and the financial statements of Ashfield Healthcare Limited for the year ended 30 September 2019.

**Results and dividends**

The profit for the year, after taxation, amounted to £2,531,866 (2018 - loss £1,633,284).

The Company paid a dividend for the financial year of £5,000,000 (2018: £624,000).

The Statement of the Comprehensive Income and Statement of Financial Position for the year ended 30 September 2019 are set out on pages 9 and 10 respectively.

**Directors**

The directors who served during the year were:

N. Burns  
A. Pavucek (appointed 29 March 2019)  
M. O'Leary (appointed 31 May 2019)  
S. Bainbridge (resigned 30 April 2019)  
N. Mansford (resigned 31 May 2019)

None of the directors held any interest in the Company at the beginning or end of the year.

**Contributions**

The company did not make any charitable or political donations that require disclosure in the financial year (2018: £Nil).

**Future developments**

The directors intend to continue to develop the activities of the Company for the foreseeable future.

**Own Shares**

The Company is wholly owned by UDG UK Holdings Limited, and as such no directors have share holdings in Ashfield Healthcare Limited.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**ASHFIELD HEALTHCARE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Events since the Statement of Financial Position date**

Further information in regards to the Post balance sheet events is outlined in note 18.

**GOING CONCERN**

The company continues to adopt the going concern basis in preparing its financial statements. Further information is outlined in Note 2.2.

**Auditors**

The auditors, Ernst & Young, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.



**A. Pavucek**  
Director

Date: 26 June 2020

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**ASHFIELD HEALTHCARE LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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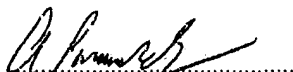
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements of Ashfield Healthcare Limited in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements of Ashfield Healthcare Limited for each financial year. Under that law the directors have elected to prepare the financial statements of Ashfield Healthcare Limited in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Framework Disclosure'. Under company law the directors must not approve the financial statements of Ashfield Healthcare Limited 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. 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 of Ashfield Healthcare Limited, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.



A. Pavucek

Date: 26 June 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFIELD HEALTHCARE LIMITED**

### **Opinion**

We have audited the financial statements of Ashfield Healthcare Limited for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have nothing to report in respect of the following matters in relation to which the 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.

*Continued/...*



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFIELD HEALTHCARE LIMITED (Continued)**

### **Other information**

The other information comprises the information included in the Strategic Report and the Directors' Report. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

*Continued/...*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFIELD HEALTHCARE LIMITED (Continued)**

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed



Roger Wallace (Senior statutory auditor)  
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

29 June 2020

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**ASHFIELD HEALTHCARE LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019.**

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	Note	2019 £	2018 £
Turnover	3	64,529,348	70,991,863
Cost of sales		<u>(34,540,347)</u>	<u>(41,492,600)</u>
<b>Gross profit</b>		<b>29,989,001</b>	<b>29,499,263</b>
Administrative expenses		<u>(26,412,360)</u>	<u>(30,637,627)</u>
<b>Operating profit/(loss)</b>	4	<b>3,576,641</b>	<b>(1,138,364)</b>
Tax on profit/(loss)	7	<u>(1,044,775)</u>	<u>(494,920)</u>
<b>Profit/(loss) for the financial year</b>		<u><b>2,531,866</b></u>	<u><b>(1,633,284)</b></u>

All income and expenditure for the year and prior year relates to continuing activities.

The notes on pages 13 to 27 form part of these financial statements.

**ASHFIELD HEALTHCARE LIMITED**  
**REGISTERED NUMBER: 03286306**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	9	24,622,244	21,170,826
Tangible assets	10	11,078,165	11,863,897
		<u>35,700,409</u>	<u>33,034,723</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	22,433,397	18,775,928
		<u>22,433,397</u>	<u>18,775,928</u>
Creditors: amounts falling due within one year	12	(34,604,755)	(26,082,618)
<b>Net current liabilities</b>		<u>(12,171,358)</u>	<u>(7,306,690)</u>
<b>Total assets less current liabilities</b>		<u>23,529,051</u>	<u>25,728,033</u>
<b>Provisions for liabilities</b>			
Deferred tax	13	(1,383,627)	(1,348,707)
<b>Net assets</b>		<u><u>22,145,424</u></u>	<u><u>24,379,326</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	10,090	10,090
Other reserves		3,766,989	3,532,757
Profit and loss account		18,368,345	20,836,479
		<u><u>22,145,424</u></u>	<u><u>24,379,326</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 June 2020.



**A. Pavucek**  
 Director

The notes on pages 13 to 27 form part of these financial statements.

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**ASHFIELD HEALTHCARE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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	Called up share capital presented as equity	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	10,090	3,532,757	20,836,479	24,379,326
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	2,531,866	2,531,866
Share based payment expense	-	234,232	-	234,232
Dividends	-	-	(5,000,000)	(5,000,000)
<b>At 30 September 2019</b>	<u>10,090</u>	<u>3,766,989</u>	<u>18,368,345</u>	<u>22,145,424</u>

The notes on pages 13 to 27 form part of these financial statements.

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**ASHFIELD HEALTHCARE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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	Called up share capital presented as equity £	Other reserve £	Profit and loss account £	Total equity £
At 1 October 2017	10,090	2,751,190	23,093,763	25,855,043
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,633,284)	(1,633,284)
Share based payment expense	-	781,567	-	781,567
Dividends	-	-	(624,000)	(624,000)
<b>At 30 September 2018</b>	<u>10,090</u>	<u>3,532,757</u>	<u>20,836,479</u>	<u>24,379,326</u>

The notes on pages 13 to 27 form part of these financial statements.

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## ASHFIELD HEALTHCARE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 1. General information

Ashfield Healthcare Limited ("the Company") is a Limited Company registered office, Ashfield House, Resolution Road, Ashby-de-la-zouch, Leicestershire, LE65 1HW, incorporated and domiciled in the UK.

The Company's ultimate parent undertaking, UDG Healthcare plc incorporated in the Republic of Ireland, includes the Company in its consolidated financial statements. The consolidated financial statements of UDG Healthcare plc are prepared in accordance with International Financial Reporting Standards. These are available to the public and may be obtained from the UDG Healthcare plc's website.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements of Ashfield Healthcare Limited were authorised for issue by the Board of Directors on 26 June 2020.

These financial statements were prepared on a going concern basis under historic cost conversion unless otherwise specified 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 makes amendments where necessary in order to comply with Companies Act and has set out below where FRS 101 disclosure exemptions has been taken.

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

As the consolidated financial statements of UDG Healthcare plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets.

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

##### 2.2 Going concern

The directors' have assessed the principal risks and uncertainties outlined in the directors' report including the COVID-19 pandemic and the impact it is having on economic activity. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. In addition, the Company has received a letter of support from its ultimate parent company, UDG Healthcare plc, under which financial support would be made available to the Company, if required at a point in time, within the period of twelve months from the date of approval of the financial statements.

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Licence Revenue**

License revenue comprises the licencing of intellectual property and the provision of value added services to group undertakings and is recognised in the period in which the services are provided.

**2.4 Judgements and estimates**

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There have been no significant judgements or estimates made by management in the preparation of these financial statements.

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Accounting policies (continued)**

**Amortisation**

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the intangible assets to which they relate unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs 4 years
- Software costs 5 years
- Future Fit Finance costs 4-10 years

**2.6 Research and Development**

Expenditure on research activities is recognised in the Statement of Comprehensive Income as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	-	2%
Office equipment	-	25%
Furniture and fittings	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Accounting policies (continued)**

**2.8 Financial Assets**

Investments (in the share entitlement scheme) are stated at cost, less provisions for any permanent impairment in value. Income from financial fixed assets is recognised in the profit and loss account in the period in which it is receivable.

**2.9 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.10 Trade and Other Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 Trade and Other Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Sterling.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Accounting policies (continued)**

**2.14 Equity settled share based payments transactions**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

**2.15 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.16 Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amounts charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting year.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

**2.17 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Accounting policies (continued)**

**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**3. Turnover**

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

	2019 £	2018 £
Contract Sales and Services Outsourcing for the global pharmaceutical industry	44,364,697	54,638,389
Licencing of intellectual property and provision of value added services to group undertakings	20,164,651	16,353,474
	<u>64,529,348</u>	<u>70,991,863</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	48,105,251	58,626,676
Rest of Europe	6,699,388	6,735,977
Rest of the world	9,724,709	5,629,210

The company's turnover, not all of which is derived in the United Kingdom, represents net invoiced sales of services, excluding value added tax.

**4. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	815,205	950,673
Loss on retirement of tangible fixed assets	113,824	-
Amortisation of intangible fixed assets	2,542,219	766,087
Loss on retirement of intangible assets	1,218,769	-
Vehicle leasing charges	262,186	268,941
Auditor's remuneration - audit of these financial statements	38,216	58,961
Other leasing charges	16,885	14,400
Foreign exchange loss	82,495	60,096

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**5. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	25,944,038	33,874,226
Social security costs	3,609,767	4,535,110
Share based payment expense	234,242	781,567
Cost of defined contribution pension scheme	803,757	1,001,987
	<u>30,591,804</u>	<u>40,192,890</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	67	145
Sales representatives	455	783
	<u>522</u>	<u>928</u>

**6. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	1,879,361	2,494,291
Company contributions to defined contribution pension schemes	35,863	57,082
	<u>1,915,224</u>	<u>2,551,373</u>

During the year retirement benefits were accruing to 6 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £516,000 (2018 - £1,208,904).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £35,863 (2018 - £21,275).

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**7. Tax on profit/(loss) on ordinary activities**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profit/(loss) for the year	1,074,927	(349,114)
Adjustments in respect of previous periods	(65,072)	-
<b>Total current tax</b>	<u>1,009,855</u>	<u>(349,114)</u>
<b>Deferred tax</b>		
Deferred tax charge current year	(237,058)	824,513
Adjustment in respect of previous periods	271,978	19,521
<b>Total deferred tax</b>	<u>34,920</u>	<u>844,034</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,044,775</u>	<u>494,920</u>

**Reconciliation of effective tax**

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

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>3,576,641</u>	<u>(1,138,364)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	679,562	(216,289)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, etc.	158,307	980,327
Adjustments to tax charge in respect of prior periods	206,906	(269,118)
<b>Total tax charge/(credit) for the year</b>	<u>1,044,775</u>	<u>494,920</u>

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ASHFIELD HEALTHCARE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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7. Tax on profit/(loss) on ordinary activities (continued)

Factors that may affect future tax charges.

The reduction in the UK corporation tax rate to 17% with effect from April 2020 was substantially enacted at the balance sheet date, however this reduction from 19% to 17% was reversed as part of the UK budget post year end. Accordingly, the deferred tax balances as at 30 September 2019 have been calculated based on the rate of 17% (2018:17%).

8. Dividends

	2019	2018
	£	£
Dividends paid in the financial year (£5.00 per issued ordinary share; 2018: £0.624)	<u>5,000,000</u>	<u>624,000</u>

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ASHFIELD HEALTHCARE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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9. Intangible assets

	Software £
<b>Cost</b>	
At 1 October 2018	22,939,608
Additions	7,212,406
Disposals	(1,428,388)
At 30 September 2019	<u>28,723,626</u>
<b>Amortisation</b>	
At 1 October 2018	1,768,782
Charge for the year	2,542,219
Impairment charge	(209,619)
At 30 September 2019	<u>4,101,382</u>
<b>Net book value</b>	
At 30 September 2019	<u>24,622,244</u>
At 30 September 2018	<u>21,170,826</u>

**ASHFIELD HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**10. Tangible assets**

	Land and buildings £	Furniture and Fittings £	Office Equipment £	Total £
<b>Cost or valuation</b>				
At 1 October 2018	13,805,544	1,667,560	3,338,062	18,811,166
Additions	-	49,963	93,334	143,297
Disposals	-	-	(284,357)	(284,357)
At 30 September 2019	<u>13,805,544</u>	<u>1,717,523</u>	<u>3,147,039</u>	<u>18,670,106</u>
<b>Depreciation</b>				
At 1 October 2018	3,049,234	1,291,892	2,606,143	6,947,269
Charge for the year on owned assets	251,418	206,122	357,665	815,205
Disposals	-	-	(170,533)	(170,533)
At 30 September 2019	<u>3,300,652</u>	<u>1,498,014</u>	<u>2,793,275</u>	<u>7,591,941</u>
<b>Net book value</b>				
At 30 September 2019	<u>10,504,892</u>	<u>219,509</u>	<u>353,764</u>	<u>11,078,165</u>
At 30 September 2018	<u>10,756,310</u>	<u>375,668</u>	<u>731,919</u>	<u>11,863,897</u>

**11. Debtors**

	2019 £	2018 £
Trade debtors	6,328,793	9,712,972
Amounts owed from group undertakings	13,004,820	4,886,002
Other debtors	952,980	1,202,702
Prepayments and accrued income	1,638,290	2,128,127
Corporation tax recoverable	508,514	846,125
	<u>22,433,397</u>	<u>18,775,928</u>

Amounts owed by group undertakings falling due within one year are unsecured, receivable on demand and interest free.

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ASHFIELD HEALTHCARE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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12. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	13,638,922	12,134,726
Trade creditors	1,288,002	3,286,848
Amounts owed to group undertakings	12,213,835	3,821,055
Other taxation and social security	1,848,443	2,165,445
Other creditors	160,969	692,336
Accruals and deferred income	5,454,584	3,982,208
	<u>34,604,755</u>	<u>26,082,618</u>

Amounts owed to group undertakings are interest free and repayable on demand.

13. Deferred taxation

	2019 £	2018 £
At beginning of year	(1,348,707)	(504,673)
Income statement charge	(34,920)	(844,034)
At end of year	<u>(1,383,627)</u>	<u>(1,348,707)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Capital allowances	(1,519,946)	(1,541,042)
Provisions	136,319	192,335
	<u>(1,383,627)</u>	<u>(1,348,707)</u>

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**14. Allotted and issued share capital authorised to be disclosed**

	2019	2018
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
1,000 (2018 - 1,000) Ordinary shares of £0.10 each	100	100
999,000 (2018 - 999,000) Ordinary 1 shares of £0.01 each	9,990	9,990
	<u>10,090</u>	<u>10,090</u>

**15. Share based payments**

The Company is part of its ultimate parent entity's Long Term Incentive Plan (LTIP) which was established during 2010. Under the LTIP scheme share options may be granted to management which may entitle them to purchase shares in the parent company so as to provide an incentive to perform strongly over an extended period and to encourage alignment of their interests with those of shareholders. Share options granted under the LTIP will vest on the fifth anniversary of the grant date, if TSR performance and aggregate cash flow performance targets are achieved. During the year 1,031,826 (2018: 690,672) share options were granted under the LTIP across the group. In accordance with the terms of the LTIP, share options awarded are exercisable at the nominal value of the underlying share as at the date of grant.

The weighted average share price at the date of exercise of share options during the year was \$9.34 (2018: \$10.94). The weighted average remaining contractual life for the share options outstanding at 30 September 2019 was 4.07 years (2018: 4.35 years).

**16. Obligations under operating leases**

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	1,087,953	801,521
Later than 1 year and not later than 5 years	389,607	2,258,853
	<u>1,477,560</u>	<u>3,060,374</u>

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**ASHFIELD HEALTHCARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**17. Pension and post retirement benefits commitments**

The Company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charged to the Statement of Comprehensive income represents contributions payable by the Company to the funds and amounted to £803,757 (2018: £1,001,987). The amount payable as at 30 September 2019 was £146,264 (2018: £175,505).

**18. Post balance sheet events**

Subsequent to the balance sheet date, the outbreak of COVID-19 was declared a global pandemic by the World Health Organisation. The Company continues to operate, and the directors are actively monitoring the impact of COVID-19 on the Company. The directors have assessed the impact of the post balance event on the carrying value of the Company's assets and liabilities at 30 September 2019 and have not determined there to be any adjustment required to the carrying values.

**19. Ultimate parent undertaking and controlling party**

The Company is wholly owned subsidiary of UDG Healthcare UK (Holdings) Ltd, whose ultimate parent undertaking is UDG Healthcare plc, a public limited company incorporated and operating in the Republic of Ireland. The only group in which the results of the Company are consolidated is that headed by UDG Healthcare plc. The consolidated financial statements of UDG Healthcare plc are available to the public and may be obtained from The secretary, UDG Healthcare plc, 20 Riverwalk, Citywest Business Campus Citywest Road, Dublin 24.