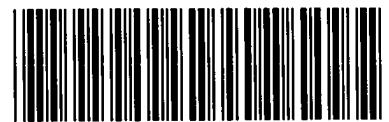


PAREXEL MMS Europe Limited

Annual Report and Financial Statements for the year ended 31 December 2021

Registered Number: (01488517)

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Annual report and financial statements
for the year ended 31 December 2021

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	6
DIRECTORS' RESPONSIBILITIES STATEMENT	8
INDEPENDENT AUDITOR'S REPORT	9
INCOME STATEMENT	13
STATEMENT OF FINANCIAL POSITION	14
STATEMENT OF CHANGES IN EQUITY	15
NOTES TO FINANCIAL STATEMENTS	16

COMPANY INFORMATION

DIRECTORS Michael Francis Crowley III (U.S)
Paul Joseph Armstrong (U.S)

SECRETARY Michael Francis Crowley III (U.S)

REGISTERED OFFICE c/o Lawrence Young Ltd
Hart House
Priestley Road
Basingstoke
Hampshire
RG24 9PU
United Kingdom

BANKERS JP Morgan Chase Bank N.A.
Chaseside
Bournemouth
BH7 7DB
United Kingdom

**INDEPENDENT
AUDITORS** RSM Ireland
Trinity House
Charleston Road
Ranelagh
Dublin 6
Ireland

SOLICITORS Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU
United Kingdom

REGISTERED NUMBER 01488517

PAREXEL MMS EUROPE Limited
STRATEGIC REPORT

for the year ended 31 December 2021

The directors present their strategic report of PAREXEL MMS Europe Limited ("the Company") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company's overall activities during the year was providing clinical communication services to pharmaceutical companies involved in the research and development of new medical compounds, prior to them achieving a product marketing license.

REVIEW OF THE BUSINESS

The key financial indicators during the year / period were as follows:

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020	Change %
	£'000	£'000	
Turnover	9,662	24,914	(61)
Operating profit	390	1,070	(64)
Profit after tax	253	799	(68)
Non-current assets	365	354	3
Net current assets	5,802	4,734	23
Shareholder's equity	5,809	4,776	22

The results for the year are set out on page 13. The directors consider the results achieved from ordinary activities after taxation, the Company's financial position at the end of the year and its prospects to be in line with their current expectations.

The Company's profit after tax for the financial year is £253,000 (Period ended 31 December 2020: profit of £799,000). The directors do not recommend the payment of a dividend (Period ended 31 December 2020: £Nil).

Both turnover and cost of sales decreased during the year compared to the eighteen-month period, with turnover declining by 61% and cost of sales by 72% respectively. A fall off in both pass through cost and revenue was the primary reason. Pass through revenue declined by £10,516,000 (75%) and pass through costs by £13,108,000 (71%). Service revenue decline was £3,014,000 (27%). Administrative expenses also declined, but only by 19%. The main reason for this lesser decline is a "Long Term Incentive Plan" ("LTIP") bonus established by the Company's former ownership group that was paid upon the change in control of the group's private equity owners for a sum of £254,000 in the current year. Further, in the prior period, the administrative expenses were reduced by an FX gain of £436,000, while there was an FX loss of £7,000 in the current year.

PRINCIPAL RISKS AND UNCERTAINTIES

• **CHANGES IN GOVERNMENTAL REGULATIONS**

Failure to comply with government regulations could result in the termination of ongoing research, development of sales and marketing projects, or the disqualification of data for submission to regulatory authorities. We monitor and comply with the current regulations in order to mitigate non-compliance risks.

• **CURRENCY RISK**

The Company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency. Potential exposures to foreign currency exchange rate movements are monitored, reviewed monthly and appropriate actions are taken to manage net open foreign currency positions.

PAREXEL MMS EUROPE Limited
STRATEGIC REPORT (continued)
for the year ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- **CREDIT RISK**

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

- **RECRUITMENT OF QUALIFIED EMPLOYEES**

The success of the Company's business depends on its ability to attract and retain qualified professional, scientific and technical staff. The Company believes that its brand name recognition and its multinational presence, which allows for international transfers, are an advantage in attracting employees. In addition, the Company believes the wide range of clinical trials in which it participates allows the Company to offer broad experience to clinical researchers.

- **COVID 19**

The ongoing COVID-19 pandemic and associated economic repercussions have impacted and are expected to continue to impact our business and operations. The continued availability and effectiveness of vaccines may partially mitigate the risks around the continued spread of COVID-19, however, with the spread of COVID-19 variants, the ongoing impacts of the COVID-19 pandemic could adversely impact our business and results of operations.

- **RUSSIAN INVASION OF UKRAINE**

On February 24, 2022, Russia launched a comprehensive invasion of Ukraine. Since that time, the conflict has escalated, causing disruption throughout the country, and provoking strong reactions from countries around the world, including the imposition of broad financial and economic sanctions against Russia and certain individuals. The Company is continuing to actively monitor this ongoing dispute and the related impacts on our business. Our first priority is the safety and well-being of our colleagues and their families, and we are committed to supporting those team members located in both Ukraine and Russia.

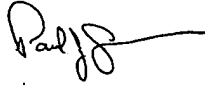
While we conduct limited operations in that region, our business has been and could continue to be adversely affected by economic and political changes. This ongoing war could disrupt or otherwise adversely impact those operations on a long-term basis. In addition, the related sanctions, export controls, or other actions that have been and may continue to be initiated by other nations including the U.S., the European Union, or Russia could adversely affect our business and/or our supply chain, business partners, or customers in other countries beyond Russia and Ukraine.

PAREXEL MMS EUROPE Limited
STRATEGIC REPORT (continued)
for the year ended 31 December 2021

FUTURE DEVELOPMENTS

There are no material changes expected for the Company through 2022 and 2023.

On behalf of the Board



Paul Joseph Armstrong
Director

Date: 30 September 2022

PAREXEL MMS EUROPE Limited

DIRECTORS' REPORT

for the year ended 31 December 2021

Company Registration Number: (01488517)

The directors present their report and the audited financial statements of PAREXEL MMS Europe Limited ("the Company") for the year ended 31 December 2021.

Financial risk management policies and objectives are included in the strategic report.

FUTURE DEVELOPMENTS

There are no material changes expected for the Company through 2022 and 2023.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate assets to continue in operation for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

There have been no significant events subsequent to the year-end which would require adjustment to, or disclosure in the financial statements.

RESEARCH AND DEVELOPMENT

The Company's core clinical communication services that are delivered to the pharmaceutical industry are considered research and development activities. These amounts are charged to the income statement as incurred and amounted to £5,015,000 (Period ended 31 December 2020: £17,875,000).

DIVIDENDS

The Company did not propose, declare or pay any dividends during the year ended 31 December 2021 (Period ended 31 December 2020: £nil.)

DIRECTORS

The directors who held office during the year were as follows:

Michael Francis Crowley III (U.S)

Paul Joseph Armstrong (U.S)

None of the directors who held office at the end of the financial year or to the date of the approval of the financial statements had any disclosable interest in the shares of the Company.

DIRECTORS QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its directors 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations or incurred any political expenditure during the year.

DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

PAREXEL MMS EUROPE Limited
DIRECTORS' REPORT (continued)
for the year ended 31 December 2021

EMPLOYEE ENGAGEMENT

During the period, the policy of providing employees with information about the Company has been continued through its intranet site in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

HEALTH AND SAFETY

The Company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition, the Company aims to protect the health of employees with suitable, specific work-based strategies, seeking to minimise the risk of injury from Company activity and ensure that systems are in place to address health and safety matters.

Health and Safety audits and risk assessments have been carried out and additional actions and controls have been implemented and training conducted to ensure that employees can carry out their functions in a safe and effective manner.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

RSM Ireland Business Advisory Limited trading as RSM Ireland, Chartered Accountants and Statutory Audit Firm, were appointed during the financial year. A resolution to reappoint RSM Ireland will be proposed at the forthcoming Annual General Meeting, in accordance with Section 485 of the Companies Act 2006.

On behalf of the Board



Paul Joseph Armstrong

Director

Date: 30 September 2022

PAREXEL MMS EUROPE Limited
DIRECTORS' RESPONSIBILITIES STATEMENT
for the year ended 31 December 2021

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, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 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 policies and then apply them consistently;
- Make judgements and 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; 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 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.

On behalf of the Board



Paul Joseph Armstrong
Director

Date: 30 September 2022



**Independent auditor's report to the members of
Parexel MMS Europe Limited
for the year ended 31 December 2021**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Parexel MMS Europe Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, statement of financial position, statement of changes in equity and notes to the financial statements, 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 assets, liabilities and financial position of the company as at 31 December 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and
- have been properly 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern 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 conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.



**Independent auditor's report to the members of
Parexel MMS Europe Limited
for the year ended 31 December 2021**

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 directors' report and strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with the Companies Act 2006.

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 directors' report.

We have nothing to report in respect of the following matters where 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;
- the financial statements are not in agreement with the accounting records and the returns;
- 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.

Responsibilities and restrictions on use

Responsibilities of director for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director 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.

**Independent auditor's report to the members of
Parexel MMS Europe Limited
for the year ended 31 December 2021**

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance legislation. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, and enquiries with management.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected board minutes and other relevant sources for evidence of undisclosed issues.

The audit engagement team identified the risk of management override of controls and revenue recognition as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



**Independent auditor's report to the members of
Parexel MMS Europe Limited
for the year ended 31 December 2021**

Use of this 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 auditors 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.

A handwritten signature in black ink, appearing to read 'Mark Carew', written over a dotted line.

Mark Carew (Senior Statutory Auditor)

For and on behalf of

RSM Ireland, Statutory Auditor

Trinity House
Charleston Road
Ranelagh
Dublin 6
Ireland

Date: 30 September 2022

PAREXEL MMS Europe Limited

INCOME STATEMENT

for the year ended 31 December 2021

		18 month period from 01 July 2019 to 31 December 2020	
	Note	Year ended 31 December 2021	December 2020
		£'000	£'000
Turnover	3	9,662	24,914
Cost of sales		(5,282)	(18,936)
Gross profit		4,380	5,978
Administrative expenses		(3,990)	(4,908)
Operating profit	4	390	1,070
Interest receivable and similar income	6	36	17
Interest payable and similar expense	7	(27)	(59)
Profit on ordinary activities before taxation		399	1,028
Tax on profit on ordinary activities	8	(146)	(229)
Profit for the financial year / period		253	799

All activities are derived from continuing operations.


There are no other gains and losses in the current or preceding year / period and as such no statement of comprehensive income has been presented.

PAREXEL MMS Europe Limited

STATEMENT OF FINANCIAL POSITION at 31 December 2021

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Fixed assets			
Intangible assets	9	56	79
Tangible assets	10,11	309	275
		<u>365</u>	<u>354</u>
Current assets			
Debtors	12	1,280	1,410
Cash at bank and in hand		8,291	7,188
		<u>9,571</u>	<u>8,598</u>
Creditors: Amounts falling due within one year	13	(3,769)	(3,864)
Net current assets		<u>5,802</u>	<u>4,734</u>
Total assets less current liabilities		<u>6,167</u>	<u>5,088</u>
Creditors: Amounts falling due after one year	13	(206)	(209)
Provisions for liabilities	14	(152)	(103)
Net assets		<u>5,809</u>	<u>4,776</u>
Capital and reserves			
Share capital presented as equity	15	10	10
Capital contribution		780	—
Share premium		108	108
Retained earnings		4,911	4,658
Total equity		<u>5,809</u>	<u>4,776</u>

The financial statements of PAREXEL MMS Europe Limited (Registered number: 01488517) were approved by the board of directors on 30 September 2022 and were signed on its behalf by:



Paul Joseph Armstrong

Director

Date: 30 September 2022

PAREXEL MMS Europe Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2021

	Share capital presented as equity	Share premium	Capital contribution	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Adjusted balance at 1 July 2019	10	108	—	3,859	3,977
Profit for the financial period	—	—	—	799	799
31 December 2020	10	108	—	4,658	4,776
Profit for the financial year	—	—	—	253	253
Share based payments	—	—	780	—	780
At 31 December 2021	10	108	780	4,911	5,809

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

1. GENERAL INFORMATION

PAREXEL MMS Europe Limited is a private Company limited by shares, incorporated and domiciled in the UK. The Registered Office is c/o Lawrence Young Ltd, Hart House, Priestley Road, Basingstoke, Hampshire, RG24 9PU, United Kingdom.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with applicable accounting standards. The principal accounting policies adopted by the Company are set out in note 2. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial year end of the Company was changed from 30 June to 31 December during financial year 2020 so as to align with a similar year end change for the Parexel Group. Accordingly, the current financial statements are prepared for one year from 1 January 2021 to 31 December 2021 and as a result, the comparative figures (18 months) stated in the income statement, statement of financial position and statement of changes in equity are not directly comparable.

The Company's financial statements are presented in Sterling, the functional currency of the Company and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of PAREXEL MMS Europe Limited are included in the consolidated financial statements of Parexel International, Inc, incorporated in Delaware, USA. The financial statements are available from Parexel International, Inc 251 Little Falls Drive, Wilmington, Delaware 19808, USA.

2. ACCOUNTING POLICIES

2.1. Application of new and revised International Financial Reporting Standards (IFRSs)

The following standards and interpretations became effective for the Company during the financial year but do not have a material effect on the results or financial position of the Company

- (i) Amendments to IFRS 16 Leases: COVID 19 Related Rent Concessions
- (ii) Amendments to IFRS 9, IAS 39 and IFRS 7 IBOR Reform Phase II

2.2. Basis of preparation

The accounting policies which follow set out those accounting policies which apply in preparing the financial statements for the year ended 31 December 2021.

The Company has taken advantage of the following disclosure exemptions availed under FRS 101:

- the requirements of paragraphs 10(d), 16, 38(a)-38(d), 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures* relating to disclosure of key management personnel;
- the requirements of paragraph in paragraph 38 of IAS1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1 *Presentation of Financial Statements*
 - (ii) paragraph 73(e) (iv) of IAS 16 *Property, Plant and Equipment*
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned subsidiary of Parexel International Corporation;
- The requirements of paragraph 45 (b) and 46 to 52 of IFRS 2, *Share-based Payments* relating to the number and weighted average exercise price in respect of each category of movement in share options during the year;

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.2. Basis of preparation (continued)

- the requirements of IFRS 7 *Financial Instruments Disclosures*;
- the requirements of paragraphs 91 – 99 of IFRS 13 *Fair Value Measurement* relating to disclosures regarding fair value measurement;
- disclosure of a third balance sheet as required under IAS 1 when correcting for a prior period error;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* relating to disclosure of standards not yet effective and not applied.

Where relevant, equivalent disclosures have been given in the group accounts of Parexel International, Inc.

2.3. Judgments and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described below, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported over revenues and expenses during the year.

As at the year ended 31 December 2021 there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements are addressed below:

- (i) Recognition of deferred tax assets**
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. (Refer to Note 12a)
- (ii) Accruals for project related costs**
In assessing accruals for project related costs, an accrual is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefit will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. (Refer to Note 13)

2.4. Going concern

The Directors have a reasonable expectation that the Company has adequate assets to continue in operation for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

2.5. Revenue Recognition

The Company earns service revenues from contracts with customers through the delivery of its clinical communication services to clients. Revenue is recognised when or as control of the performance obligation is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those services. The Company determines revenue recognition through the application of the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.5. Revenue Recognition (continued)

Contract provisions do not provide for rights of return or refund, but normally include rights of cancellation with notice (typically 90 days), in which case services delivered through the cancellation date are due and payable by the client, including certain costs to conclude the trial or study.

The Company offers volume discounts or rebates to certain of its large customers based on annual volume, which is treated as variable consideration. The Company records an estimate of the volume rebate as a reduction of the transaction price based on the estimated total rebates to be earned by the customers for the period.

Additionally, turnover of the company relates to services provided to fellow group undertakings in the Parexel group. The company recognises revenue over time upon transfer of control of services in an amount that reflects the fair value of consideration received or receivable, net of sales taxes, based on the agreements in place.

2.6. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	Over the period of the lease
Furniture, fittings and equipment	5 years
Computer hardware	3-5 years
Right-of-use lease asset	Over the period of the lease

The carrying values of tangible fixed assets are assessed for the existence of impairment indicators annually. Where there is an indicator of impairment, tangible fixed assets are tested for impairment. Impairment losses are charged in the income statement account as incurred.

2.7. Intangible assets

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided that they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software;
- the software will generate probable future economic benefits.

All intangible assets are accounted for subsequently using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual value and useful lives are reviewed at each reporting date. The useful lives are:

Software development	3-8 years
External Software	3 years

Amortisation is included within administration expenses in the Income Statement.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.8. Financial assets

The Company classifies its financial assets in accordance with the requirements of IFRS 9 Financial Instruments ("IFRS 9"). The standard is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit and loss as they arise ("FVPL") unless restrictive criteria are met for classifying and measuring the asset at either Amortised Cost or Fair Value Through Other Comprehensive Income ("FVOCI").

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value. Under the "Expected Credit Loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

IFRS 9 establishes three separate approaches for measuring and recognising expected credit losses, a general approach, a simplified approach and a credit adjusted approach. The approach is dependent on whether the allowance for expected credit losses at the balance sheet date is calculated by considering possible defaults only for the next twelve months ("twelve-month ECLs") or for the entire remaining life of the asset ("Lifetime ECLs"). The Company applies the simplified approach and always recognises lifetime expected credit losses (ECL) for trade debtors and intercompany receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

If an individual ECL which has been provided for is subsequently collected, the ECL is reversed and recognised in the Income Statement in the period that it is realised.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Write-off policy

Individual trade debtor accounts are evaluated on a regular basis and in circumstances where the Company is made aware of a specific customer's inability to meet its financial obligations and there is no realistic prospect of recovery, a specific allowance is established. Uncollectible invoices are written off when collection efforts have been exhausted however may still be subject to enforcement activities under the Company's recovery procedures.

2.9. Financial liabilities

The Company classifies its financial liabilities in accordance with the requirements of IFRS 9 Financial Instruments ("IFRS 9"). The Company's financial liabilities include amounts owed to group undertakings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently,

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.9. Financial liabilities (continued)

financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.10. Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange prevailing at the balance sheet date. All differences are taken to the income statement.

2.11. Pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension costs charged represent contributions payable by the Company to the fund in respect of the accounting period. Any difference between amounts paid and amounts payable is showing within either prepayments or accruals on the balance sheet.

2.12. Current and deferred income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.12. Current and deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.13. Management interest grants

The Company incurs charges from PAREXEL Investment Holdings L.P. (the "Partnership"), a parent Company to the Company for interest awards that are granted to certain key executives of the Company (see Note 16). The Company does not issue any equity instruments.

The Partnership grants to certain executives and other key employees of the Company and members of the Board equity interests in the Partnership in the form of Class B Interests (such interests, the "Class B Interests" and such grant, "an award"), which are subject to both time-vesting requirements (representing 1/3 of the award) ("Time Vesting Class B Interests") and performance-vesting requirements (representing 2/3 of the award) ("Performance Vesting Class B Interests"). The Class B Interests were not issued for consideration.

The Time Vesting Class B Interests generally vest on each of the first four anniversaries of the vesting commencement date, subject to a participant's continued employment with the Company through each applicable vesting date. In the event of a change of control, all unvested Time Vesting Class B Interests will accelerate and fully vest upon the consummation of such change of control. Additionally, in the event of a qualifying termination, a participant's unvested Time Vesting Class B Interests will remain outstanding and eligible to vest upon a change of control that occurs during the six (6)-month period following such termination (the "tail period"). If a change of control does not occur during the tail period, any unvested Time Vesting Class B Interests will terminate upon the expiration of the tail period, provided that a pro-rata portion of the tranche of Time Vesting Class B Interests eligible to vest at the time of such qualifying termination will vest. The Class B interest arrangements were classified as equity-settled share based awards in accordance with IFRS 2. The expense is recorded to the income statement over the vesting period with a corresponding credit to capital contribution.

During the fourth quarter of 2020, the Management Interest Grant Agreement was modified to remove the requirement that the Sponsor achieve a Return on Investment Multiple ("ROIM") of at least 1.50x. Accordingly, the Performance-Vesting Profit Interests cliff vest and become Vested Interests solely if the Sponsor achieves an Internal Rate of Return equal to or greater than eight percent (8%) at the time of a Measurement Date.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.13. Management interest grants (continued)

In the event of a qualifying termination, a participant's Performance Vesting Class B Interests will remain outstanding and eligible to vest upon a change of control or an initial public offering or cash distribution, in each case, during the tail period and will vest upon such change of control or initial public offering or cash distribution (as applicable) to the extent any of the above-referenced performances hurdles are met as a result of such change of control or initial public offering or cash distribution (as applicable). Any Performance Vesting Class B Interests that have not vested as of the expiration of the tail period will terminate immediately upon the expiration of such tail period.

2.14. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

2.15. Research and Development

The Company's core clinical communication services that are delivered to the pharmaceutical industry are considered research and development activities. These amounts are charged to the income statement as incurred and are included within cost of sales.

2.16. The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use lease asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.16. The Company as a lessee (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- a. The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- b. The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- c. A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company had two such adjustments in current year with the early exit of one property and the extension of another (note 11).

The right-of-use lease assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use lease assets are depreciated over the shorter period of the lease term or the asset's useful life. If a lease transfers ownership of the underlying asset or the cost of the right-of-use lease asset reflects that the Company expects to exercise a purchase option, the related asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use lease assets are presented within the tangible fixed assets line in the balance sheet. The Company applies IAS 36 to determine whether a right-of-use lease asset is impaired. Impairment losses are charged in the income statement account as incurred.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use lease asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

3. TURNOVER

Turnover which is stated net of discounts, rebates and value added tax is attributable to the provision of clinical communication services to the pharmaceutical industry. Additionally, Company revenue is now primarily derived from supporting other Parexel group companies.

4. OPERATING PROFIT

Operating profit is stated after charging:

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020
	£'000	£'000
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	84
Depreciation of tangible fixed assets owned (note 10)	153	126
Depreciation of right-of-use lease asset (note 11)	124	355
Amortisation of intangible assets (note 9)	23	36
Impairment of right-of-use lease asset (note 11)	—	301
Research and development costs	5,015	17,875
(Gain) / loss on asset disposal	74	(187)
Foreign exchange (gains) / losses	7	(436)
Other income	—	(189)
Loss allowance on trade and intercompany receivables	(5)	(39)

Other income relates to amounts received by the Company for the Coronavirus Job Retention Scheme ("CRJS"). Amounts received were accounted for on a cash receipts basis.

5. STAFF COSTS

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020
	£'000	£'000
Staff costs during the year / period comprised:		
Wages and salaries	5,513	7,620
Social security costs	605	710
Other pension costs	402	547
Share based payments	655	122
	<u>7,175</u>	<u>8,999</u>

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

5. STAFF COSTS (continued)

The average number of employees of the Company during the year / period was as follows:

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020
	Number	Number
Sales and distribution staff	89	94
Management and administration staff	3	5
	<u>92</u>	<u>99</u>

The directors of the Company are also directors of a number of other companies within the Parexel International Corporation group. The Company had no employees either in the current year or prior period. The directors' services do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 31 December 2021 (2020: Nil).

Retirement benefits are accruing to none of the directors under the defined contribution pension scheme (2020: Nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020
	£'000	£'000
Interest on bank deposits and similar income	36	17
	<u>36</u>	<u>17</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSE

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020
	£'000	£'000
Interest on bank overdraft	14	19
Other	4	10
Interest on lease liability	9	30
	<u>27</u>	<u>59</u>

PAREXEL MMS Europe Limited
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 for the year ended 31 December 2021

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2021	18-month period from 01 July 2019 to 31 December 2020
	£'000	£'000
a) Analysis of profit and loss tax account charge		
Current tax		
Current tax on profit for the year / period	213	219
Adjustment in respect of prior years	(2)	(265)
Foreign tax suffered	—	2
Total current tax credit	<u>211</u>	<u>(44)</u>
Deferred tax (Note 12a)		
Current year / period	(19)	30
Adjustment in respect of prior years	(46)	243
Total deferred tax (credit) / charge	<u>(65)</u>	<u>273</u>
Total tax charge for the year / period	<u>146</u>	<u>229</u>
b) Factors affecting the tax charge for the year / period		
Profit on ordinary activities before tax	<u>399</u>	<u>1,028</u>
Tax on profit at standard UK tax rate of 19% (2020:19%)	76	195
Effect of:		
Adjustment in respect of prior periods	(48)	(22)
Expenses not deductible	19	65
Share based compensation not deductible	125	23
Income not taxable	(1)	(21)
Tax rate changes	(25)	(13)
Foreign tax suffered	—	2
Total tax charge for the year / period	<u>146</u>	<u>229</u>
c) Factors that may affect future tax charges		

Finance Act 2021 was enacted on June 10, 2021 and increases the UK corporation tax rate from 19% to 25% effective 1 April 2023 for companies with profits in excess of GBP 250,000.

A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

PAREXEL MMS Europe Limited
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 for the year ended 31 December 2021

9. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1 January 2021	584
Additions	—
At 31 December 2021	<u>584</u>
Amortisation:	
At 1 January 2021	505
Provided in the year	23
At 31 December 2021	<u>528</u>
Net book amount	
At 31 December 2021	<u>56</u>
At 31 December 2020	<u>79</u>

10. TANGIBLE FIXED ASSETS

	Leasehold Improvements and Buildings £'000	Furniture, Fittings and Equipment £'000	Computer Hardware £'000	Total £'000
Cost				
At 1 January 2021	489	475	104	1,068
Additions	43	—	39	82
Disposals	(398)	(313)	—	(711)
At 31 December 2021	<u>134</u>	<u>162</u>	<u>143</u>	<u>439</u>
Depreciation				
At 1 January 2021	444	431	90	965
Provided during the year	72	32	49	153
Disposals	(398)	(313)	—	(711)
At 31 December 2021	<u>118</u>	<u>150</u>	<u>139</u>	<u>407</u>
Net book amount				
At 31 December 2021	<u>16</u>	<u>12</u>	<u>4</u>	<u>32</u>
At 31 December 2020	<u>45</u>	<u>44</u>	<u>14</u>	<u>103</u>

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

11. RIGHT-OF-USE ASSETS

	Buildings £'000
Cost	
At 1 January 2021	527
Additions	291
Disposals	(62)
At 31 December 2021	<u>756</u>
Depreciation	
At 1 January 2021	355
Provided in the year	124
Disposals	—
At 31 December 2021	<u>479</u>
Net book amount	
At 31 December 2021	<u>277</u>
At 31 December 2020	<u>172</u>

Right-of-use asset additions during the year relate to the extension of the Pharos House Lease from April 2022 to September 2026. Disposal charges relate the Bizspace, Littlehampton lease which the Company fully exited in July 2021 ahead of the lease expiration date of April 2022. A corresponding loss on disposal of £118,017 was charged to the income statement. Disposals also include an adjustment of £(56,065) for the sublease on Pharos House that terminated in September 2021 which was recorded as a net gain on asset disposal in the period.

12. DEBTORS

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Amounts falling due within one year		
Trade debtors	323	340
Amounts owed by group undertakings	281	494
Other debtors	26	211
Prepayments	—	1
Accrued income	207	278
VAT receivable	105	—
Corporation tax receivable	187	—
Deferred tax (note 12a)	151	86
	<u>1,280</u>	<u>1,410</u>

All debtors are due in less than one year, with the exception of the deferred tax asset.

Amounts owed by group undertakings are unsecured, are repayable on demand and are non-interest bearing.

Impairment of financial assets

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

12. DEBTORS (continued)

No allowance for expected credit losses has been recorded on intercompany receivables as amounts are expected to be fully recovered.

	As at 31 December 2021	As at 31 December
	£'000	£'000
Trade debtors, gross	326	347
Allowance for credit losses	(3)	(7)
Trade debtors, net	<u>323</u>	<u>340</u>
Amounts owed by group undertakings, gross	281	495
Allowance for credit losses	—	(1)
Amounts owed by group undertakings, net	<u>281</u>	<u>494</u>

The following table shows the movement in lifetime credit ECL that has been recognised for trade and other receivables in accordance with the simplified approach.

	£'000
Balance as at 1 January 2021	<u>8</u>
Amount written off in current period:	
Trade receivables	(4)
Amounts owed by group undertakings	(1)
Balance at 31 December 2021	<u>3</u>

12. (a) Deferred Taxation

The deferred tax asset of the Company is as follows:	1 January 2021	Credit to income statement	Credit to comprehensive income	31 December 2021
	£'000	£'000	£'000	£'000
Accelerated capital allowances	56	48	—	104
Short term timing differences	30	17	—	47
	<u>86</u>	<u>65</u>	<u>—</u>	<u>151</u>

The deferred tax asset of the Company is as follows:	1 July 2019	Charge to income statement	Credit to comprehensive income	31 December 2020
	£'000	£'000	£'000	£'000
Accelerated capital allowances	103	(47)	—	56
Short term timing differences	25	5	—	30
Tax losses	231	(231)	—	—
	<u>359</u>	<u>(273)</u>	<u>—</u>	<u>86</u>

Based upon the current year financial forecast, a deferred tax asset has been recognised at 31 December 2021 as the Company expects to be in a profitable position in future years.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

13. CREDITORS

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Amounts falling due within one year		
Deferred income	397	660
Bank overdraft	—	331
Trade creditors	304	84
Amounts owed to group undertakings	1,626	894
Taxation and social security	155	215
Accruals	738	820
Other creditors	—	334
Corporation tax payable	400	219
Lease liability	140	307
VAT Payable	9	—
	<u>3,769</u>	<u>3,864</u>

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Amounts falling due after one year		
Other creditors	—	124
Lease liability	206	85
	<u>206</u>	<u>209</u>

Bank overdraft is unsecured and repayable on demand. Interest is charged at Libor +3%.

Amounts owed to group undertakings are unsecured, are repayable on demand and are non-interest bearing.

Total cash outflow for leases for the year was £336,411 (2020: £457,028).

Analysis of lease liabilities

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Amount due for settlement:		
Less than one year	140	307
Between one and five years	206	85
	<u>346</u>	<u>392</u>

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

14. PROVISIONS FOR LIABILITIES

Provisions consist of an onerous lease provision and dilapidations for leased properties.

The Company provides for reinstatement works that are required under the terms of the real estate leases to which they are party to. The obligations are based on external estimates and discussions with landlords. The Company anticipates to incur these charges upon the termination of the respective leases which ranges between April 2022 - September 2026.

	Provision for onerous lease	Provision for dilapidations	Total
	£'000	£'000	£'000
At 1 January 2021	19	84	103
Utilised during the period	(19)	(36)	(55)
Additions	—	104	104
At 31 December 2021	—	152	152

15. SHARE CAPITAL PRESENTED AS EQUITY

	As at 31 December 2021	As at 31 December 2020
	£'000	£'000
Allotted, called up and fully paid		
5,000,000 ordinary shares of £0.0019	10	10

Retained earnings is the accumulated retained earnings of the Company since incorporation. Movement for the year ended 31 December 2021 is the profit for the current financial year as shown in the income statement on page 13.

The Company received a capital contribution of £780,000 from its parent company related to the equity share based awards discussed in note 16 below.

16. MANAGEMENT INTEREST GRANTS

Management Interest Grant Agreement (MIGA)

Prior to the Merger, the Company's former ownership group granted to certain executives and other key employees of the Company and members of the Board equity interests in the Partnership in the form of Class B Interests (such interests, the "Class B Interests" and such grant, "an award"). These awards were subject to both time-vesting requirements (representing 1/3 of the award) ("Time Vesting Class B Interests") and performance-vesting requirements (representing 2/3 of the award) ("Performance Vesting Class B Interests"). The Class B Interests were not issued for consideration.

The Time Vesting Class B Interests generally vested on each of the first four anniversaries of the vesting commencement date, subject to a participant's continued employment with the Company through each applicable vesting date. In the event of a change of control, all unvested Time Vesting Class B Interests and Performance Vesting Class B Interests would accelerate and fully vest upon the consummation of such change of control. The Class B Interests were in-substance akin to a share-based payment arrangement and are accounted for under IFRS 2. All Class B Interest arrangements were classified as equity-based awards under IFRS 2. The fair value of the awards were based upon the latest available valuation price on the date of grant.

PAREXEL MMS Europe Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2021

16. MANAGEMENT INTEREST GRANTS (continued)

Immediately prior to the Merger, the Company determined the conditions for a change in control under the Management Interest Grant Agreement had been met and all outstanding and unvested Class B Interests vested immediately. The Company recognised compensation expense of £655,000 (period ended 2020: £125,000) associated with its Class B Interests with the cumulative expense recorded as a capital contribution. There were no awards outstanding at the year end.

Long-Term Incentive Plan

Prior to the Merger, certain employees were eligible to participate in a "Long Term Incentive Plan" ("LTIP") which was established by the Company's former ownership group. Under this plan, eligible employees were granted cash incentive bonuses ("LTIP Bonus") which were payable to the participants of the LTIP in connection with a change in control, provided that the requirements for funding of the bonus pool had been met.

Immediately prior to the Merger, the Company determined the conditions for a change in control under the LTIP had been met and therefore the Company recognised £254,000 of compensation and employer payroll tax expense during the year.

17. PENSIONS

The Company operates a defined contribution scheme. The pension contributions for the year ended amounted to £402,000 (Period ended 31 December 2020: £547,000). Included in creditors is £57,000 (Period ended 31 December 2020: £51,000) in respect of contributions to the scheme.

18. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption provided in FRS 101.8(k) whereby transactions entered into between two or more members of a group of companies are not required to be disclosed, provided that any subsidiary undertaking which as a party to the transaction is a wholly owned member of that group.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking and controlling party is PAREXEL International Holding BV.

As at 31 December 2021, the Company's ultimate parent and ultimate controlling party is Parexel International Corporation (formerly Phoenix Upper Topco, Inc), incorporated in Delaware, USA. As at 31 December 2021, Parexel International, Inc (formerly Phoenix Newco, Inc) is the smallest and largest group to consolidate the Company's financial statements, copies of which can be obtained from:

Parexel International, Inc,
251 Little Falls Drive,
Wilmington,
Delaware 19808,
USA

20. POST BALANCE SHEET EVENTS

There have been no significant events subsequent to the year-end which would require adjustment to, or disclosure in, the financial statements.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised and approved for issue by the Board on 30 September 2022.