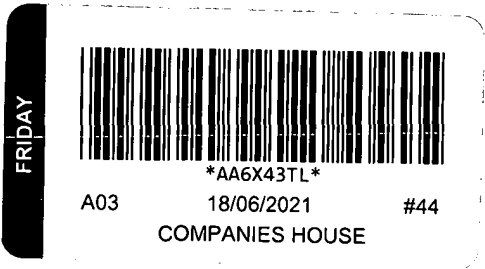


---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**



---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**COMPANY INFORMATION**

---

**DIRECTORS** S. Hayes (resigned 3 December 2019)  
I. Morgan  
W. Tyrrell (appointed 3 December 2019)

**COMPANY SECRETARY** D. Moynagh

**REGISTERED NUMBER** 02234557

**REGISTERED OFFICE** Ashfield House  
Resolution Road  
Ashby-de-la-Zouch  
Leicestershire  
LE65 1HW

**INDEPENDENT AUDITOR** Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland  
DA2 YA40

**BANKERS** NatWest Bank PLC  
Charing Cross  
Birkenhead  
Merseyside  
CH41 4DF

**SOLICITORS** Pinsent Mason  
1 Redcliff Street  
Bristol  
BS1 6TP

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Directors' Responsibilities Statement</b>	5
<b>Independent Auditor's Report</b>	6 - 8
<b>Statement of Profit and Loss and Other Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11 - 12
<b>Notes to the Financial Statements</b>	13 - 28

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

#### PRINCIPAL ACTIVITIES

The Company's principal activities during the year have continued to be packaging, storage and distribution of clinical trial supplies for the pharmaceutical and healthcare industry. The Company's activities also include comparator sourcing and Qualified Person (QP) services.

#### BUSINESS REVIEW

The Company has developed its commercial capabilities whilst supporting existing customers in the clinical market and additional investment was agreed for this expansions in the service offering.

Some revenue streams were negatively affected by Brexit and COVID. We changed the way we work to ensure the delivery of products to clients was maintained during the pandemic. We introduced plans to ensure that we continue to meet customer and operational demands in light of any events arising from United Kingdom's planned departure from the EU.

#### PRINCIPAL RISKS AND UNCERTAINTIES

##### Non Financial Risks:

The Company is exposed to the following key risks and uncertainties:

- The impact of the uncertain global economic environment on the health care industry;
- Fluctuation in exchange rates between the pound sterling, U.S. dollar, and Euro;
- Changes in the mix of clinical trial spending by customers, sometimes intended to reduce spending but other times intended to increase outsourcing of services to companies such as Sharp Clinical Services (UK) Limited;
- Consolidation within the pharmaceutical industry that results in customers going through mergers to delay or reduce spending on research and development; and
- Non-compliance with requirements of regulatory agencies or failure to maintain quality standards resulting in loss of licences or customers or fines incurred for breach of standards.

##### Financial Risks:

The Company's operations expose it to a variety of financial risks that include foreign exchange and credit risk. Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. Significant transactions in foreign currencies are managed by the use of currency bank accounts held by the Company.

The Company has no significant long term debt which limits the adverse effects on the financial performance of the Company and the related finance costs. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Group management at the Company level provide a required level of monitoring to the Company.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. As the majority of the Company's customers are established pharmaceutical companies, Clinical Research Organisations or Government organisations, this is not considered to be a significant risk.

Pandemic risk - 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.

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**FUTURE DEVELOPMENTS**

The directors anticipate that the future global demand/market opportunities for clinical services to be very strong. The current confirmed orders in hand and visibility of sales will support further significant growth in sales from continuing operations. The directors hope to maintain momentum by further identifying new customers and strengthening existing customer relationships through consistent and flexible performance.

**KEY PERFORMANCE INDICATORS**

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy with reference to two key performance indicators. These are 'Value of Production as a percentage of Revenue' and 'Book to Bill Ratio' which are 69.4% and 0.57 respectively (2019: 66.0% and 0.71). Growth and these metrics are supported by monitoring new business from success in developing new accounts; customer visits and on time deliveries ("OTD"); cash conversion metrics representing the performance of cash flow management.

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



.....  
**I. Morgan**  
Director

Date: 21 January 2021

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

The directors present their report and the financial statements for the year ended 30 September 2020.

#### PRINCIPAL ACTIVITY

The principal activities of the Company during the year were that of packaging, storage and distribution of clinical trial supplies for the pharmaceutical and healthcare industry.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £34,708 (2019: loss £163,630).

The directors do not proposed a dividend to be paid in respect of the financial year (2019: £1,000,000).

#### DIRECTORS

The directors who served during the year were:

S. Hayes (resigned 3 December 2019)  
I. Morgan  
W. Tyrrell (appointed 3 December 2019)

#### POLITICAL CONTRIBUTIONS

During the year the Company did not make any political or charitable donations (2019: £Nil).

#### FUTURE DEVELOPMENTS

The directors anticipate that the future global demand/market opportunities for clinical services are very strong. The current confirmed orders in hand and visibility of sales will support further significant growth in sales from continuing operations. The directors hope to maintain momentum by further identifying new customers and strengthening existing customer relationships through consistent service levels.

#### 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.

#### POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Company commenced a restructuring programme to reduce its cost base in line with current market conditions and position the Company for future growth (Note 19).

#### GOING CONCERN

The Company is in a net current liability position as at 30 September 2020. The financial statements have been prepared on a going concern basis as a result of receipt of a letter of support from the ultimate parent entity. After making due enquiries, including consideration of the impact of the COVID-19 pandemic and the letter of support received, the Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further information is outlined in Note 2.2.

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**AUDITOR**

The auditors, Ernst & Young, Chartered Accountants, 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.



.....  
**I. Morgan**  
Director

Date: 21 January 2021

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

The directors are responsible for preparing the Strategic Report, the 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

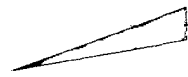
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies 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



.....  
**I. Morgan**  
Director

Date: 21 January 2021



**Building a better  
working world**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARP CLINICAL SERVICES (UK)  
LIMITED**

**Opinion**

We have audited the financial statements of Sharp Clinical Services (UK) Limited (the 'company') for the year ended 30 September 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21, 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 2020 and of its loss 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**

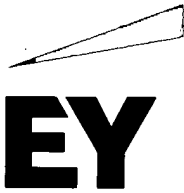
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.



**Building a better  
working world**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARP CLINICAL SERVICES (UK)  
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.



**Building a better  
working world**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARP CLINICAL SERVICES (UK)  
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.

A handwritten signature in black ink that reads 'Justin Sherwood'.

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

Dublin, Ireland

22 January 2021

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

	Note	2020 £	2019 £
Turnover	3	<b>8,439,321</b>	8,342,484
Cost of sales		<b>(5,916,443)</b>	(5,589,014)
<b>GROSS PROFIT</b>		<b>2,522,878</b>	2,753,470
Administrative expenses		<b>(2,299,605)</b>	(2,891,928)
Exceptional items	7	<b>(170,932)</b>	(60,326)
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>52,341</b>	(198,784)
Tax on profit/(loss)	8	<b>(87,049)</b>	35,154
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(34,708)</b>	(163,630)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of profit and loss and other comprehensive income.

**SHARP CLINICAL SERVICES (UK) LIMITED**  
**REGISTERED NUMBER: 02234557**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Intangible assets	10	280,823	352,650
Tangible fixed assets	11	10,295,608	9,156,896
		<b>10,576,431</b>	9,509,546
<b>CURRENT ASSETS</b>			
Stocks	12	322,516	128,655
Debtors	13	2,739,305	2,328,200
Cash and cash equivalents	14	78,479	269,376
		<b>3,140,300</b>	2,726,231
Creditors: amounts falling due within one year	15	<b>(10,851,730)</b>	(9,750,971)
<b>NET CURRENT LIABILITIES</b>		<b>(7,711,430)</b>	(7,024,740)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,865,001</b>	2,484,806
Deferred taxation	16	(410,622)	(143,165)
Other provisions	17	(100,000)	(55,326)
		<b>(510,622)</b>	(198,491)
<b>NET ASSETS</b>		<b>2,354,379</b>	2,286,315
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	24,500	24,500
Share premium account	18	15,750	15,750
Capital redemption reserve	18	2,250	2,250
Other reserves	18	257,550	154,778
Profit and loss account	18	2,054,329	2,089,037
		<b>2,354,379</b>	2,286,315

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....  
**I. Morgan**  
 Director

Date: 21 January 2021

---

SHARP CLINICAL SERVICES (UK) LIMITED

---

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2019	24,500	15,750	2,250	154,778	2,089,037	2,286,315
Loss for the year	-	-	-	-	(34,708)	(34,708)
Equity settled share based payment transactions	-	-	-	102,772	-	102,772
<b>At 30 September 2020</b>	<b>24,500</b>	<b>15,750</b>	<b>2,250</b>	<b>257,550</b>	<b>2,054,329</b>	<b>2,354,379</b>

The notes on pages 13 to 28 form part of these financial statements.

---

SHARP CLINICAL SERVICES (UK) LIMITED

---

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

---

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2018	24,500	15,750	2,250	92,405	3,252,667	3,387,572
Loss for the year	-	-	-	-	(163,630)	(163,630)
Equity settled share based payment transactions	-	-	-	62,373	-	62,373
Dividends paid	-	-	-	-	(1,000,000)	(1,000,000)
At 30 September 2019	<u>24,500</u>	<u>15,750</u>	<u>2,250</u>	<u>154,778</u>	<u>2,089,037</u>	<u>2,286,315</u>

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

#### 1. GENERAL INFORMATION

Sharp Clinical Services (UK) Limited (the "Company") is a limited company incorporated and domiciled in the UK with a registered office at Ashfield House, Resolution Road, Ashby-de-la-Zouch, Leicestershire, LE65 1HW.

#### 2. ACCOUNTING POLICIES

##### 2.1 Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. The financial statements have been prepared on the going concern basis.

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 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, UDG Healthcare plc incorporated in the Republic of Ireland, with its registered office at 20 Riverwalk, Citywest Campus, Dublin 24, 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 and are available to the public and may be obtained from the company website.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement 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;
- 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.

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 Going Concern

The financial statements have been prepared on the going concern basis as a result of receipt of a letter of support of from the ultimate parent entity. After making due enquiries, including consideration of the impact of the COVID-19 pandemic and the letter of support received, the Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly continue to adopt the going concern basis in preparing the financial statements.

### 2.3 Revenue

Revenue is recognised for identified contracts with customers. The Company's revenue is derived from providing expert outsourcing services to healthcare companies through contract packaging services in the Sharp division, commercial and clinical outsourced services in Ashfield, and advisory and communications services in Ashfield. Revenue comprises the fair value of the consideration receivable for goods and services sold to third party customers in the ordinary course of business. It excludes sales-based taxes and is net of allowances for volume-based rebates and early settlement discounts.

It is the Company's policy and customary business practice to receive a valid order from the customer in which each parties' rights and payment terms are established. The Company assesses revenue contracts to determine the transaction price and performance obligations to be delivered to customers under contract. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling price. The Company's contracts with customers generally include a single performance obligation and do not contain multiple performance obligations or bundled pricing arrangements.

If the consideration in a revenue contract includes a variable amount (including volume rebates), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Accumulated experience is used to estimate and provide for discounts and rebates, using the most likely amount estimation method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. In some of the Company's revenue contracts, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company recognises revenue as the amount of the transaction price expected to be received for goods and services supplied at a point in time or over time as the contractual performance obligations are satisfied and control passes to the customer. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Where the contractual performance obligations are satisfied over time and revenue is recognised

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue (continued)

over time, the Company recognises revenue by reference to the estimated stage of completion of the performance obligations. The primary method of estimating stage of completion of over time revenue contracts is the input method of cost incurred to date over the estimated total cost to complete the revenue contract. Estimates of revenues, costs and stage of completion during the performance of a contract are revised where circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Where performance obligations are satisfied at a point in time, revenue is recognised when the risks and rewards of ownership have transferred to the customer. This is at the point where the product is delivered to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are presented within trade and other receivables on the Company Balance Sheet. Amounts previously classified as accrued income are now classified as contract assets.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract liabilities are presented within trade and other payables on the Company Balance Sheet. Amounts previously classified as deferred income are now classified as contract liabilities.

**Contract fulfilment assets:** For certain contracts, the Company incurs costs necessary to fulfil obligations under a contract once it is obtained but before transferring goods or services to the customer. Costs to fulfil a contract are recognised on the Company Balance Sheet where the costs relate directly to a contract, generate or enhance Company resources that will be used in satisfying future performance obligations, and the costs are expected to be recovered. Contract fulfilment assets are amortised to cost of sales on a systematic basis, consistent with the pattern of transfer of the goods or services to which the asset relates.

### 2.4 Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit and presented in the statement of comprehensive income as "other operating income" over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.5 Finance costs

Finance costs are charged to the Statement of Profit and Loss and Other Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.6 Borrowing costs

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

##### 2.7 Exceptional items

Exceptional items are transactions which fall within the ordinary activities of the Company but in managements' judgement, should be disclosed separately in the Statement of Profit and Loss and Other Comprehensive Income due to their size or by virtue of their nature. An analysis of exceptional items is disclosed in Note 7.

##### 2.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss and Other 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 balance sheet 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 Balance Sheet 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 balance sheet date.

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.9 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.

The estimated useful lives range as follows:

Computer Software	-	6 to 10 years
-------------------	---	---------------

### 2.10 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.

The estimated useful lives are as follows:

Buildings/ Leasehold property	-	20%
Plant and equipment	-	10%
Fixtures and fittings	-	10%

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 Profit and Loss and Other Comprehensive Income.

### 2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.12 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.

---

## SHARP CLINICAL SERVICES (UK) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.13 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.16 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Profit and Loss and Other Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.18 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.

**3. TURNOVER**

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

	2020 £	2019 £
Sale of Goods	1,128,508	712,155
Sale of Services	7,310,813	7,630,329
	<u>8,439,321</u>	<u>8,342,484</u>

**4. OPERATING PROFIT/(LOSS)**

	2020 £	2019 £
Depreciation (Note 11)	374,569	376,037
Amortisation (Note 10)	85,531	60,384
Auditor's remuneration	14,000	11,847
Government grant	-	(200,000)
	<u>-</u>	<u>(200,000)</u>

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**5. EMPLOYEES**

Staff costs were as follows:

	<b>2020</b>	2019
	<b>£</b>	£
Wages and salaries	<b>2,484,660</b>	2,375,604
Social security costs	<b>223,710</b>	138,080
Cost of defined contribution scheme	<b>162,609</b>	147,098
	<b><u>2,870,979</u></b>	<u>2,660,782</u>

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

	<b>2020</b>	2019
	<b>No.</b>	No.
Marketing, selling, and distribution	<b>8</b>	9
Manufacturing	<b>55</b>	52
Administration	<b>10</b>	8
	<b><u>73</u></b>	<u>69</u>

**6. DIRECTORS' REMUNERATION**

Aggregate director's remuneration during the year amounted to £206,275 (2019: £224,012).

During the year, no retirement benefits were accruing to directors (2019: Nil) in respect of money purchase pension schemes.

**7. EXCEPTIONAL ITEMS**

	<b>2020</b>	2019
	<b>£</b>	£
Staff severance	<b>140,567</b>	60,326
Accelerated share-based payment expense	<b>30,365</b>	-
	<b><u>170,932</u></b>	<u>60,326</u>

**SHARP CLINICAL SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**8. TAXATION**

	2020 £	2019 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(72,822)	(128,719)
Adjustments in respect of previous periods	(107,585)	81,474
<b>TOTAL CURRENT TAX</b>	<b>(180,407)</b>	<b>(47,245)</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	97,394	90,565
Impact of change in UK tax rate	32,971	-
Adjustment in respect of prior years	137,091	(78,474)
<b>TOTAL DEFERRED TAX</b>	<b>267,456</b>	<b>12,091</b>
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<b>87,049</b>	<b>(35,154)</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	52,341	(198,784)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%)	9,945	(37,769)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	14,628	(384)
Remeasurement of deferred tax - change in UK tax rate	32,970	-
Adjustments in respect of prior periods	29,506	2,999
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>87,049</b>	<b>(35,154)</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**8. TAXATION (CONTINUED)**

A change to the main UK corporation tax rate was substantively enacted in March 2020. The rate applicable from 1 April 2020 remains at 19% rather than the previously enacted reduction to 17%. Accordingly, the deferred tax balances as at 30 September 2020 have been calculated based on the rate of 19% (2019:17%).

**9. DIVIDENDS**

	<b>2020</b>	2019
	<b>£</b>	£
Dividends paid	-	1,000,000

**10. INTANGIBLE ASSETS**

	<b>Computer Software £</b>
<b>COST</b>	
At 1 October 2019	<b>802,173</b>
Transfers between classes	<b>13,704</b>
At 30 September 2020	<b>815,877</b>
<b>AMORTISATION</b>	
At 1 October 2019	<b>449,523</b>
Charge for the year	<b>85,531</b>
At 30 September 2020	<b>535,054</b>
<b>NET BOOK VALUE</b>	
At 30 September 2020	<b>280,823</b>
At 30 September 2019	352,650

SHARP CLINICAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. TANGIBLE FIXED ASSETS

	Construction in progress £	Long-term leasehold property/ Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>					
At 1 October 2019	316,480	7,801,326	1,250,171	648,271	10,016,248
Additions	883,161	184,659	452,885	6,280	1,526,985
Transfers between classes	(316,480)	178,860	123,916	-	(13,704)
At 30 September 2020	<u>883,161</u>	<u>8,164,845</u>	<u>1,826,972</u>	<u>654,551</u>	<u>11,529,529</u>
<b>DEPRECIATION</b>					
At 1 October 2019	-	57,967	654,934	146,451	859,352
Charge for the year on owned assets	-	181,061	95,922	97,586	374,569
At 30 September 2020	-	<u>239,028</u>	<u>750,856</u>	<u>244,037</u>	<u>1,233,921</u>
<b>NET BOOK VALUE</b>					
At 30 September 2020	<u>883,161</u>	<u>7,925,817</u>	<u>1,076,116</u>	<u>410,514</u>	<u>10,295,608</u>
At 30 September 2019	<u>316,480</u>	<u>7,743,359</u>	<u>595,237</u>	<u>501,820</u>	<u>9,156,896</u>

Construction in progress relates to the Rhymney Investment Project.

---

SHARP CLINICAL SERVICES (UK) LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

---

12. STOCKS

	2020 £	2019 £
Raw materials and consumables	286,484	106,814
Work in progress (goods to be sold)	36,032	21,841
	<u>322,516</u>	<u>128,655</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**13. DEBTORS**

	2020 £	2019 £
Trade debtors	959,170	859,460
Amounts owed by group undertakings	425,644	537,990
Other debtors	258,759	77,970
Prepayments	344,503	313,648
Accrued income -Contract Assets	371,228	304,293
Corporation tax	380,001	234,839
	<u>2,739,305</u>	<u>2,328,200</u>

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

Trade debtors are non-interest bearing and repayable on 30 day terms.

During the year, impairment loss recognised on trade debtors amounted to £43,557 (2019: £23,556).

**14. CASH AND CASH EQUIVALENTS**

	2020 £	2019 £
Cash at bank and in hand	78,479	269,376
Loans and overdrafts	(3,129,396)	(1,116,890)
<b>Total Cash and Cash Equivalents</b>	<u>(3,050,917)</u>	<u>(847,514)</u>

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**15. CREDITORS: Amounts falling due within one year**

	2020 £	2019 £
Bank overdrafts	3,129,396	1,116,890
Contract Liabilities	14,248	1,131
Trade creditors	538,064	1,044,826
Amounts owed to group undertakings	6,466,409	6,359,188
Other taxation and social security	16,296	47,889
Other creditors	-	1,044
Accruals	687,317	1,180,003
	<u>10,851,730</u>	<u>9,750,971</u>

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

Trade creditors are non-interest bearing and settled on 30 day terms.

**16. DEFERRED TAXATION**

	2020 £	2019 £
At beginning of year	(143,165)	(131,074)
Charged to the profit or loss account	(267,457)	(12,091)
<b>AT END OF YEAR</b>	<u>(410,622)</u>	<u>(143,165)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Capital allowances in excess of depreciation	(441,714)	(229,819)
Short term timing differences	31,092	86,654
	<u>(410,622)</u>	<u>(143,165)</u>

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**17. PROVISIONS**

	<b>Employee Redundancy provision £</b>
At 1 October 2019	55,326
Charged to profit or loss	140,567
Utilised in year	(95,893)
<b>AT 30 SEPTEMBER 2020</b>	<b>100,000</b>

**18. CALLED UP SHARE CAPITAL**

	<b>2020 £</b>	<b>2019 £</b>
<b>Authorised, allotted, called up and fully paid</b>		
24,500 (2019 - 24,500) Ordinary shares of £1.00 each	<b>24,500</b>	24,500

Share Capital: Called up share capital represents the nominal value of shares that have been issued.

Share Premium: Share premium represents the difference between the par value of the share issued and the issue price.

Profit and Loss account: Profit and loss account includes all current and prior period retained profits and losses attributable to the shareholders of the Company.

Other Reserves: The capital contribution reserve represents capital contributions from UDG Healthcare PLC in relation to share based payment charges.

**19. POST BALANCE SHEET EVENTS**

Subsequent to the balance sheet date, the Company commenced a restructuring programme to reduce its cost base in line with current market conditions and position the Company for future growth. The restructuring is expected to be completed in the year ended 30 September 2021. The Company continues to operate, and the directors are actively monitoring the impact of COVID-19 on the company. The directors have assessed the carrying value of the Company's assets and liabilities at 30 September 2020 and have not determined there to be any adjustment required to the carrying values.

---

**SHARP CLINICAL SERVICES (UK) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

---

**20. CONTROLLING PARTY**

The Company is a wholly owned subsidiary of Sharp Clinical Services (UK) Holdings Limited, a company registered and operating in the United Kingdom whose ultimate parent company is UDG Healthcare plc, a public limited company incorporated 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, Dublin 24, Ireland.

**21. APPROVAL OF FINANCIAL STATEMENTS**

The board of directors approved these financial statements for issue on 21 January 2021.