

Registered number: 02234557

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**



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**SHARP CLINICAL SERVICES (UK) LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	S. Hayes (appointed 1 October 2018, resigned 3 December 2019) I. Morgan W. Tyrrell (appointed 3 December 2019) A. Ralph (resigned 1 October 2018)
<b>COMPANY SECRETARY</b>	D. Moynagh
<b>REGISTERED NUMBER</b>	02234557
<b>REGISTERED OFFICE</b>	Ashfield House Resolution Road Ashby-de-la-Zouch Leicestershire LE65 1HW
<b>INDEPENDENT AUDITOR</b>	Ernst & Young Harcourt Centre Harcourt Street Dublin 2 Ireland DA2 YA40
<b>BANKERS</b>	NatWest Bank PLC Charing Cross Birkenhead Merseyside CH41 4DF
<b>SOLICITORS</b>	Pinsent Mason 1 Redcliff Street Bristol BS1 6TP

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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## SHARP CLINICAL SERVICES (UK) LIMITED

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

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#### 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

During the year the Company had fully transitioned to the new facility in Rhymney. All existing customers continued to be served during the move. The Company is still promoting its full clinical offerings to the market and in the new facility. With the investment of the new facility additional service offerings & increased capabilities can be offered to the market place.

The Company did see a reduction in revenue contributed by Brexit. However, during the year the Company put further plans in place to ensure that it will continue to meet customer and operational demands in light of any foreseeable 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 (see note 20).

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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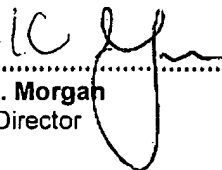
**FUTURE DEVELOPMENTS**

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 66.0% and 0.71 respectively (2018: 71.8% and 0.79). 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.

  
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**I. Morgan**  
Director

Date: 18 June 2020

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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

**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 £163,630 (2018: profit £918,938).

Dividends totaling £1,000,000 (2018: £Nil) were paid during the year.

**DIRECTORS**

The directors who served during the year were:

S. Hayes (appointed 1 October 2018, resigned 3 December 2019)

I. Morgan

A. Ralph (resigned 1 October 2018)

**POLITICAL CONTRIBUTIONS**

During the year the Company did not make any political or charitable donations (2018: £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**

There have been no significant events affecting the Company since the year end. See note 20 for further details.

**GOING CONCERN**

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

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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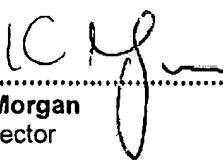
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**AUDITOR**

EY LLP Belfast resigned as auditors of the company during the year and Ernst & Young chartered accountants Dublin were appointed as auditors in their place, in order to align with the parent company's auditor. EY LLP Belfast deemed no matter connected with their ceasing to hold office as needing to be brought to the attention of the company's members or creditors. 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.

  
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**I. Morgan**  
Director

Date: 18 June 2020

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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

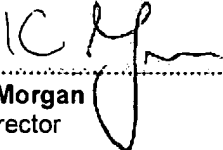
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial 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:

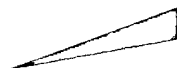
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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: 18 June 2020



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## **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 2019 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 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 30 September 2019 and of its 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.



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**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.



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**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 "Ernst &amp; Young". The signature is written in a cursive, slightly slanted style.

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

Dublin, Ireland

22 June 2020

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SHARP CLINICAL SERVICES (UK) LIMITED

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STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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	Note	2019 £	2018 £
Turnover	3	8,342,484	8,724,172
Cost of sales		(5,589,014)	(4,593,487)
<b>GROSS PROFIT</b>		<b>2,753,470</b>	<b>4,130,685</b>
Administrative expenses		(2,891,928)	(2,835,888)
Exceptional items	9	(60,326)	(191,924)
<b>OPERATING (LOSS)/PROFIT</b>	4	<b>(198,784)</b>	<b>1,102,873</b>
Tax on (loss)/profit	7	35,154	(183,935)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(163,630)</b>	<b>918,938</b>

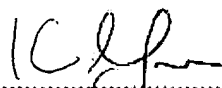
There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of profit and loss and other comprehensive income.

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

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Intangible assets	10	352,650	317,264
Tangible fixed assets	11	9,156,896	8,287,414
		<u>9,509,546</u>	<u>8,604,678</u>
<b>CURRENT ASSETS</b>			
Stocks	12	128,655	159,244
Debtors	13	2,328,200	3,493,210
Cash and cash equivalents	14	269,376	580,706
		<u>2,726,231</u>	<u>4,233,160</u>
Creditors: amounts falling due within one year	15	(9,750,971)	(9,319,192)
<b>NET CURRENT LIABILITIES</b>		<u>(7,024,740)</u>	<u>(5,086,032)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,484,806</u>	<u>3,518,646</u>
Deferred taxation	16	(143,165)	(131,074)
Other provisions	17	(55,326)	-
		<u>(198,491)</u>	<u>(131,074)</u>
<b>NET ASSETS</b>		<u>2,286,315</u>	<u>3,387,572</u>
<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	154,778	92,405
Profit and loss account	18	2,089,037	3,252,667
		<u>2,286,315</u>	<u>3,387,572</u>

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

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

Date: 18 June 2020

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2018	24,500	15,760	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)
<b>At 30 September 2019</b>	<b>24,500</b>	<b>15,750</b>	<b>2,250</b>	<b>154,778</b>	<b>2,089,037</b>	<b>2,286,315</b>

The notes on pages 13 to 29 form part of these financial statements.

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2017	24,500	15,750	2,250	44,208	2,333,729	2,420,435
Profit for the year	-	-	-	-	918,938	918,938
Equity settled share based payment transactions	-	-	-	48,199	-	48,199
At 30 September 2018	<u>24,500</u>	<u>15,750</u>	<u>2,250</u>	<u>92,405</u>	<u>3,252,667</u>	<u>3,387,572</u>

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## SHARP CLINICAL SERVICES (UK) LIMITED

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

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#### 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.

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## SHARP CLINICAL SERVICES (UK) LIMITED

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

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.2 Going Concern

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

##### 2.3 New and amended standards and Interpretations effective in the year

###### IFRS 9

The standard sets out the requirements for the classification, measurement and derecognition of financial assets and financial liabilities, contains new rules for hedge accounting, and introduces a new model for impairment of financial assets. The Company has adopted IFRS 9 from 1 October 2018, with the practical expedients permitted under the standard. Comparatives for 2018 have not been restated.

The impact of adopting IFRS 9 on the financial statements was not material for the Company and there were no adjustments to retained earnings on application at 1 October 2018.

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial instruments are recognised when the Group becomes a party to the contractual provisions. Financial assets and financial liabilities are initially recognised at fair value. For financial instruments that are not measured at fair value through profit or loss, transaction costs are included in the initial measurement of the financial asset or financial liability.

Financial assets are classified as measured at:

- Amortised cost;
- Fair value through profit or loss (P&L); or
- Fair value through other comprehensive income (OCI).

Financial assets are classified based on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are only reclassified between categories where there has been a change in the business model for managing those assets. Financial assets are derecognised when the Group's contractual rights to cash flows from the financial assets are extinguished, expire or transfer to a third party.

Financial liabilities are classified as measured at:

- Amortised cost; or
- Fair value through P&L.

Financial liabilities are derecognised when the Group's obligations in the contracts are discharged, expire or are terminated. Where a financial liability is modified such that the cash flows of the modified liability are substantially different, the existing financial liability is derecognised and a new financial liability based on the modified terms is recognised at fair value. On recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

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## SHARP CLINICAL SERVICES (UK) LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 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 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.

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## SHARP CLINICAL SERVICES (UK) LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Revenue (continued)

**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.

### 2.5 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.

### 2.6 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.

### 2.7 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.

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.8 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 9.

**2.9 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.

**2.10 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

**2.11 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.

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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2. ACCOUNTING POLICIES (CONTINUED)

2.11 Tangible fixed assets (continued)

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.

2.12 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.

2.13 Debtors

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

2.14 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.

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.16 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.

**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.

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

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

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

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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**3. TURNOVER**

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

	2019 £	2018 £
Sale of Goods	712,155	522,644
Sale of Services	7,630,329	8,201,528
	<u>8,342,484</u>	<u>8,724,172</u>

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

	2019 £	2018 £
Depreciation (Note 11)	376,037	296,191
Amortisation (Note 10)	60,384	41,932
Auditor's remuneration	11,847	8,196
Government grant	(200,000)	-
	<u>(200,000)</u>	<u>-</u>

**5. EMPLOYEES**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	2,375,604	2,625,812
Social security costs	138,080	122,302
Cost of defined contribution scheme	147,098	94,801
	<u>2,660,782</u>	<u>2,842,915</u>

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

	2019 No.	2018 No.
Marketing, selling, and distribution	9	10
Manufacturing	52	53
Administration	8	10
	<u>69</u>	<u>73</u>

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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**6. DIRECTORS' REMUNERATION**

Aggregate director's remuneration during the year amounted to £224,012 (2018: £227,500).

During the year, no retirement benefits were accruing to directors (2018: Nil) in respect of money purchase pension schemes.

**7. TAXATION**

	2019 £	2018 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(128,719)	27,406
Adjustments in respect of previous periods	81,474	(48,281)
<b>TOTAL CURRENT TAX</b>	<b>(47,245)</b>	<b>(20,875)</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	90,565	157,470
Adjustment in respect of prior years	(78,474)	47,340
<b>TOTAL DEFERRED TAX</b>	<b>12,091</b>	<b>204,810</b>
<b>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<b>(35,154)</b>	<b>183,935</b>

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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**7. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>(198,784)</u>	<u>1,102,873</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018 - 19.0%)	(37,769)	209,546
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	(384)	(24,670)
Adjustments in respect of prior years	2,999	(941)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>(35,154)</u>	<u>183,935</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

As a consequence of substantially enacted legislation the main rate of UK corporation tax is scheduled to reduce to 17% by 1 April 2020. It is expected that this fall in the main corporation tax rate will result in a reduction of the Company's future current tax charge.

**8. DIVIDENDS**

	2019 £	2018 £
Dividends paid	<u>1,000,000</u>	<u>-</u>

On 01 August 2019, the directors approved a dividend of £1,000,000 to the company's sole shareholder Sharp Clinical Services (UK) Holdings Limited.

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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9. EXCEPTIONAL ITEMS

	2019 £	2018 £
Accelerated depreciation	-	97,333
Costs associated with the new facility in Rhymney	-	94,591
Staff severance	60,326	-
	<u>60,326</u>	<u>191,924</u>

10. INTANGIBLE ASSETS

	Computer Software £
<b>COST</b>	
At 1 October 2018	708,119
Transfers between classes	189,253
Disposals	(95,199)
At 30 September 2019	<u>802,173</u>
<b>AMORTISATION</b>	
At 1 October 2018	390,855
Charge for the year	60,384
On disposals	(1,716)
At 30 September 2019	<u>449,523</u>
<b>NET BOOK VALUE</b>	
At 30 September 2019	<u>352,650</u>
At 30 September 2018	<u>317,264</u>

**SHARP CLINICAL SERVICES (UK) LIMITED**

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

**11. TANGIBLE FIXED ASSETS**

	Construction in progress £	Long-term leasehold property/ Buildings £	Plant and machinery £	Fixtures and fittings £
<b>COST OR VALUATION</b>				
At 1 October 2018	5,903,438	2,208,769	1,787,264	186,795
Additions	1,301,453	-	-	183,262
Disposals	-	(174,304)	(1,159,896)	(31,280)
Transfers between classes	(6,888,411)	5,766,861	622,803	309,494
At 30 September 2019	<u>316,480</u>	<u>7,801,326</u>	<u>1,250,171</u>	<u>648,271</u>
<b>DEPRECIATION</b>				
At 1 October 2018	-	174,304	1,489,064	135,484
Charge for the year on owned assets	-	57,967	276,522	41,548
Disposals	-	(174,304)	(1,110,652)	(30,581)
At 30 September 2019	<u>-</u>	<u>57,967</u>	<u>654,934</u>	<u>146,451</u>
<b>NET BOOK VALUE</b>				
At 30 September 2019	<u><u>316,480</u></u>	<u><u>7,743,359</u></u>	<u><u>595,237</u></u>	<u><u>501,820</u></u>
At 30 September 2018	<u><u>5,903,438</u></u>	<u><u>2,034,465</u></u>	<u><u>298,200</u></u>	<u><u>51,311</u></u>

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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11. TANGIBLE FIXED ASSETS (CONTINUED)

	Total £
<b>COST OR VALUATION</b>	
At 1 October 2018	10,086,266
Additions	1,484,715
Disposals	(1,365,480)
Transfers between classes	(189,253)
At 30 September 2019	<u>10,016,248</u>
<b>DEPRECIATION</b>	
At 1 October 2018	1,798,852
Charge for the year on owned assets	376,037
Disposals	(1,315,537)
At 30 September 2019	<u>859,352</u>
<b>NET BOOK VALUE</b>	
At 30 September 2019	<u>9,156,896</u>
At 30 September 2018	<u>8,287,414</u>

Construction in progress relates to the Rhymney Investment Project.

12. STOCKS

	2019 £	2018 £
Raw materials and consumables	106,814	117,358
Work in progress (goods to be sold)	21,841	41,886
	<u>128,655</u>	<u>159,244</u>

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

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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13. DEBTORS

	2019 £	2018 £
Trade debtors	859,460	1,642,347
Amounts owed by group undertakings	537,990	725,812
Other debtors	77,970	332,340
Prepayments	313,648	423,670
Accrued income -Contract Assets	304,293	205,484
Corporation tax	234,839	163,557
	<u>2,328,200</u>	<u>3,493,210</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.

At 30 September 2018, accrued income amounted to £205,484. Following transition to IFRS 15, accrued income is now classified as contract assets. Contract assets are expected to be realised in less than one year. Upon completion of delivery of goods and services, contract assets are reclassified to trade debtors.

During the year, impairment loss recognised on trade debtors amounted to £23,556 (2018: £30,000).

14. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	269,376	580,706
Loans and overdrafts	(1,116,890)	-
<b>Total Cash and Cash Equivalents</b>	<u>(847,514)</u>	<u>580,706</u>

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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

	2019 £	2018 £
Bank overdrafts	1,116,890	-
Contract Liabilities	1,131	422,154
Trade creditors	1,044,826	2,334,433
Amounts owed to group undertakings	6,359,188	5,408,570
Other taxation and social security	47,889	91,556
Other creditors	1,044	68,434
Accruals	1,180,003	994,045
	<u>9,750,971</u>	<u>9,319,192</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.

At 30 September 2018, deferred income amounted to £422,154. Following transition to IFRS 15, deferred income is now classified as contract liabilities. Contract liabilities are expected to be settled in less than one year. Upon delivery of goods and services, the amounts recognised as contract liabilities are released to income in the statement of profit and loss and other comprehensive income.

**16. DEFERRED TAXATION**

	2019 £	2018 £
At beginning of year	(131,074)	73,736
Charged to the profit or loss account	(12,091)	(204,810)
<b>AT END OF YEAR</b>	<u>(143,165)</u>	<u>(131,074)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Capital allowances in excess of depreciation	(229,819)	(160,720)
Short term timing differences	86,654	29,646
	<u>(143,165)</u>	<u>(131,074)</u>

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SHARP CLINICAL SERVICES (UK) LIMITED

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

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17. Provisions

	2019 £
<b>Employee Redundancy</b>	
At 1 October 2018	-
Charged to profit and loss	60,326
Paid during the year	(5,000)
<b>At 30 September 2019</b>	<u>55,326</u>

18. CALLED UP SHARE CAPITAL

	2019 £	2018 £
<b>Authorised, allotted, called up and fully paid</b>		
24,500 (2018 : 24,500) Ordinary shares of £1.00 each	<u>24,500</u>	<u>24,500</u>

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. COMMITMENTS UNDER OPERATING LEASES

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

	2019 £	2018 £
Not later than 1 year	-	85,961
	<u>-</u>	<u>85,961</u>

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**SHARP CLINICAL SERVICES (UK) LIMITED**

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

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**20. POST BALANCE SHEET EVENTS**

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

**21. 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.

**22. APPROVAL OF FINANCIAL STATEMENTS**

The board of directors approved these financial statements for issue on 18 June 2020.