

Synexus Clinical Research Limited

Registered number: 05575991

Annual report and financial statements

For the year ended 31 December 2017



SYNEXUS CLINICAL RESEARCH LIMITED

COMPANY INFORMATION

Directors	C Neild B Hartman J James M Gondek (appointed 10 October 2017) P Chambers (resigned 10 October 2017)
Registered number	05575991
Registered office	Sandringham House Ackhurst Park Chorley Lancashire PR7 1NY
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's square Manchester M2 3DE

SYNEXUS CLINICAL RESEARCH LIMITED

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SYNEXUS CLINICAL RESEARCH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Directors present the strategic report of the company for the year ended 31 December 2017.

Business review

The Synexus mission statement - The patient's choice for clinical trials

Synexus Clinical Research Limited ("the Company") supplies management services and support to its global subsidiaries. The senior management of the Company are involved in steering the operations and future growth of the entire Synexus group of companies ("the Group").

The Group is solely dedicated to clinical research and bringing new medicines to patients. Our industry leading, highly experienced investigators focus all their energy on clinical research and the well-being of patients in their care. Through our unique and powerful patient relationships, we successfully deliver the right patients in the most efficient way.

The Group is at the forefront of streamlining patient recruitment in the clinical trials industry and are the global leader in a fragmented market, having made strides towards market consolidation through a number of research site acquisitions and greenfield sites.

The Group's model is enjoying increasing levels of acceptance, especially within the CRO sector as pharmaceutical clients are accelerating the outsourcing of clinical trial activity.

The Company signs contracts at the group level, which enables more effective client negotiations and allows the Group to offer large numbers of patients covering several geographic regions. Only smaller, less significant contracts are contracted locally, directly with operating units in the countries.

Strategic plan

In 2017 the Group continued the process of restructuring under Eagle Holding Company I to increase its efficiency and integrity. As a result of the consolidation, US based Clinical Research Advantage ("CRA") has been operationally integrated with the Synexus Group, creating the largest Site Research Organization in the world. CRA is now working under the Synexus brand and clients are offered combined service of both business units.

The Group plans to continue restructuring and consolidate activities under Eagle Holding Company I in 2018. The strategy is to bring other sites and patient recruitment Group assets into a single commercial product, with the aim of bringing further efficiencies and cost savings into drug development processes for our clients.

Organic Growth

The Group continues its organic expansion in Europe and South Africa by extending existing site capacity to service growing demand from the customers. In 2017 investments have been made in sites within the UK, Poland and Ukraine which has improved site capacity, quality and patient experience.

A new Dedicated Research Site ("DRS") was opened in Czech Republic (Prague) where The Group was previously present in an affiliate site model only.

The Group plans to continue growth organically in 2018 and open a new DRS in Poland and Germany. An affiliate site model is planned to be extended to Italy and India.

SYNEXUS CLINICAL RESEARCH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Results and performance

The year ended 31 December 2017 saw the Company generate Revenue of £60.6m (2016: £38.9m). The rise was driven primarily by changes in the way revenue is recognised across the Synexus Group midway through the prior year as well as by new study authorisations.

The operating profit for 2017 of £2.8m (2016: profit of: £5.6m) is stated after depreciation of £0.2m (2016: £0.3m).

Key Performance Indicators

The Company uses a number of key performance indicators to evaluate the overall performance of the Company from a financial and operational perspective. The Company's key financial indicators during the period were as follows:

	2017	2016
Revenue (£'000)	60,627	38,872
Operating profit before Depreciation (£'000)	3,002	5,959

On 31 May 2016, Jaguar completed its acquisition of the Group and as such the Group's transfer pricing structure was aligned with the existing policies applied by Jaguar.

As of the Acquisition Date, Synexus Clinical Research Ltd was re-characterised as a regional hub for the Synexus site management business, and the Synexus Local Operating Affiliates were re-characterised as limited risk service affiliates. This change was implemented to align the transfer pricing structure with the substance of its business operations. With effect from the acquisition date, all relevant intercompany arrangements were standardised and amended to a cost plus basis to reflect the re-characterisation of the Synexus Local Operating Affiliates as service affiliates.

The change of transfer pricing structure had significant impact on the Company's generated revenue in 2016. Prior to the changes in transfer pricing, revenue was recognised in full in the respective Local Operating Affiliates accounts. The Company acted as an agent and recognised only management and administration fees from subsidiaries. Since June 2016 the Company now holds all contracts with global customers and bears the commercial risks of delivering the contracts through the Synexus group, as a result the revenue from global contracts is recognised fully in the Company's accounts and the Company pays the Local Operating Affiliates on a cost plus basis for work performed on these contracts.

2017 Annual Operating Plan has been over achieved with Operating profit before Depreciation reaching 104% of the plan. Business integration is helping The Group to drive additional value for its clients through combine offering across Europe, South Africa and US and improves its financial results.

Current Trading and Future Outlook

During the current financial year the Company has seen improvements in its operating result as shown in the Key Performance Indicators section.

However the success of the Company is not only determined by its own financial results but by the success of the overall Synexus Group, as the Company's main purpose is to support and grow the operations of its global subsidiaries.

Successful business development during the year has resulted in a strong closing order book, which gives management confidence that its expectations for the next financial year will be met.

Further growth in revenue & EBITDA in 2018 is underpinned by further integration of services under Eagle Holding Company I and combine unique offering across Group assets.

SYNEXUS CLINICAL RESEARCH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Employment

The Company is an equal opportunities employer and committed to a policy of treating staff and job applicants equally and fairly.

Everyone at the Company, regardless of their position, is empowered to expertise in their field and motivated to recognise the importance of delivering quality to clients.

All new staff undertake an induction programme which clearly communicates the goals and ethos of the Group and their role within the Company. The Group has a comprehensive staff training programme which ensures knowledge and expertise is not only maintained, but continues to improve.

Environmental and social impact

The Company operates with integrity, professionalism and trust at the core of everything it does and advocates professionalism across every area of the business.

The Company therefore seeks to minimise the impact of its activities on the environment.

The relationship with suppliers is also regarded as vitally important and the Company prefers to develop partnerships rather than simply supplier relationships. As with all business decisions cost plays a role, but the Company also look to work with suppliers who operate ethically, have a similar culture and who consider sustainable development in their day-to-day business.

Principal risk factors

Risks which management consider most important are identified below:

Compliance risk

It is imperative that all of the wider Group's operations are conducted in line with Good Clinical Practice (GCP). These are a comprehensive set of principles that set the ethical and scientific quality standards for designing, conducting, recording and reporting trials that involve human subjects. The aim is to provide public assurance that the rights, safety and well-being of trial subjects are protected and the clinical trial data is credible.

The Board and senior management, including centre managers and research physicians, are dedicated to ensuring that the Group complies with GCP via our policies and procedures. The Group recognises that staff training is key to its success and have established training programmes to cover GCP and its practical application.

Key staff

In any business there is the risk that the services of key staff are lost leading to loss of knowledge and skills. The Company endeavours to remunerate key staff at or above market rate to aid retention. Its philosophy is one of inclusion and staff development.

SYNEXUS CLINICAL RESEARCH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial risks

As part of its ordinary activities, the Company is exposed to a number of financial risks, including liquidity risk, credit risk, interest rate risk and exchange rate risk. The Company has policies and procedures in place to monitor and manage these risks.

Liquidity risk relates to the Company's ability to meet the cash flow requirements of the operations, while avoiding excessive levels of debt and/or breach of its debt covenants. Management closely monitors the amount of facilities drawn, particularly with respect to complying with all covenant restrictions.

Credit risk relates principally to trade receivables from customers. Most of the Company's main customers are large listed companies or equivalent companies with good credit standing. The finance team works to ensure that revenue is invoiced promptly and that outstanding receivables are settled by deadlines

The finance team works to ensure that revenue is invoiced promptly and that outstanding receivables are settled by deadlines.

Management continuously assesses the knowledge interest rate risk and foreign risk that the Company is subject to at the present time. The Company's exposure to variable interest rates on borrowings is hedged to the extent deemed appropriate by management.

The Company has significant operations overseas and is therefore exposed to fluctuations in foreign exchange rates. Where these risks are deemed significant they are mitigated by hedging transactions to the extent deemed appropriate by management.

Business interruption risk

The Company has a comprehensive disaster recovery plan to address situations that could lead to an extended interruption in business. This includes a detailed written procedure to follow with clearly identified responsibilities, and the provision of backup computer systems hardware and remote access facilities should any of the Company's operational offices become inaccessible for any reason.

This report was approved by the board on 27 September 2018 and signed on its behalf.

C Neild
Director



SYNEXUS CLINICAL RESEARCH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activities of the Company in the period were supply of management services and support to its global subsidiaries.

Results and dividends

The profit for the year, after taxation, amounted to £2,886k (2016 - £4,828k).

The directors do not recommend the payment of a dividend for the period ended 31 December 2017.

Directors

The directors who served during the year were:

C Neild
B Hartman
J James
M Gondek (appointed 10 October 2017)
P Chambers (resigned 10 October 2017)

Going concern

The financial statements have been prepared on the going concern basis which the directors believe appropriate for the following reasons.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. Having regard to the current financial position of both the Company and Group the current Company order book together with financial forecasts and strategic plans for future periods; the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SYNEXUS CLINICAL RESEARCH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Future developments

The Group headed by the Company, continues to focus on its four key operating regions, United Kingdom, Germany, Central and Eastern Europe (CEE) and South Africa and additionally on growth into new geographic & therapeutic areas.

The Group aims to achieve growth both organically and via acquisition, with a number of specific goals under each expansion method.

Organic Growth

- Continued development of the affiliate site model with networks built in Poland, Hungary, South Africa and Ukraine
- Roll-out of the hospital cooperation model pioneered in Hexham in the UK to other regions in the Synexus Group
- Continued development of Czech Republic operations having entered the region in 2015
- Occupation of custom built site at Watermeyer in South Africa

Future Acquisitions

- Enter new geographical markets
- Enter new therapeutic areas to diversify offerings to clients

Political contributions

No political donations were made and no political expenditure was incurred during the period.

Employees

The Company has a practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company, via regular meetings and the intranet.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees. As part of a highly regulated industry we provide a comprehensive and effective training and development programme to enable employees to carry out their key tasks fully and effectively so that both the Company and individuals' objectives are met and to ensure that as an organisation we are fully compliant with the principles of GCP.

Applications for employment for disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

Research and development

The Group, headed by the Company is committed to research and development activities in relation to performing clinical trials on behalf of pharmaceutical companies and contract research organisations. The Company incurred research and development expenditure of £44,880 in 2017 (2016: £363,857).

SYNEXUS CLINICAL RESEARCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Director's Report have been omitted as they are included in the Strategic Report. These matters relate to financial instruments and financial risk management.

Directors' responsibilities statement

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 applicable law and 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;
- 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.

SYNEXUS CLINICAL RESEARCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

This report was approved by the board on *27 September 2018* and signed on its behalf.



C Neild
Director

SYNEXUS CLINICAL RESEARCH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNEXUS CLINICAL RESEARCH LIMITED

Opinion

We have audited the financial statements of Synexus Clinical Research Limited (the 'Company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

SYNEXUS CLINICAL RESEARCH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNEXUS CLINICAL RESEARCH LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

SYNEXUS CLINICAL RESEARCH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNEXUS CLINICAL RESEARCH LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on Page 7, 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 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Neil Barton (Senior statutory auditor)

for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's square
Manchester
M2 3DE

28 SEPTEMBER 2018

SYNEXUS CLINICAL RESEARCH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover		60,627	38,872
Cost of sales		(42,864)	(24,936)
Gross profit		17,763	13,936
Administrative expenses		(10,675)	(9,111)
Management charges		-	1,055
Share-based payment charge		(235)	(270)
Group recapitalisation costs	11	(4,019)	-
Operating profit	5	2,834	5,610
Interest receivable and similar income	8	721	350
Interest payable and expenses	9	(1,087)	(932)
Profit before tax		2,468	5,028
Tax on profit	10	418	(200)
Profit for the financial year		2,886	4,828
Other comprehensive income:			
Effective portion of changes in fair value of cash flow hedges		-	(63)
		-	(63)
Total comprehensive income for the year		2,886	4,765

The notes on pages 15 to 33 form part of these financial statements.

The results as shown in Statement of Comprehensive Income are all derived from continuing operations.

SYNEXUS CLINICAL RESEARCH LIMITED
REGISTERED NUMBER: 05575991

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	12	411	2
Tangible assets	13	236	321
Investments	14	10,489	10,489
		<u>11,136</u>	<u>10,812</u>
Current assets			
Debtors: amounts falling due within one year	15	61,789	51,233
Cash at bank and in hand	16	1,551	10,656
		<u>63,340</u>	<u>61,889</u>
Creditors: amounts falling due within one year	17	(52,012)	(53,088)
Net current assets		<u>11,328</u>	<u>8,801</u>
Total assets less current liabilities		<u>22,464</u>	<u>19,613</u>
Net assets		<u>22,464</u>	<u>19,613</u>
Capital and reserves			
Share capital	19	-	-
Capital redemption reserve	20	2,661	2,661
Merger reserve	20	1,055	1,055
Profit and loss account	20	18,748	15,897
Total equity		<u>22,464</u>	<u>19,613</u>

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

27 September 2018.

C Neild
 Director



The notes on pages 15 to 33 form part of these financial statements.

SYNEXUS CLINICAL RESEARCH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2016	2,364	3,282	2,661	63	1,055	6,528	15,953
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	4,828	4,828
Other comprehensive income	-	-	-	(63)	-	-	(63)
Total comprehensive income for the year	-	-	-	(63)	-	4,828	4,765
Dividends: Equity capital	-	-	-	-	-	(1,375)	(1,375)
Share based payments	-	-	-	-	-	270	270
Capital reduction	(2,364)	(3,282)	-	-	-	5,646	-
Total transactions with owners	(2,364)	(3,282)	-	-	-	4,541	(1,105)
At 1 January 2017	-	-	2,661	-	1,055	15,897	19,613
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	2,886	2,886
Debit to equity for cash settlement of cancelled share options (see note 11)	-	-	-	-	-	(3,369)	(3,369)
Credit to equity for share based payments	-	-	-	-	-	3,334	3,334
At 31 December 2017	-	-	2,661	-	1,055	18,748	22,464

The notes on pages 15 to 33 form part of these financial statements.

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Synexus Clinical Research Limited (the "Company") is a private company, limited by shares, incorporated and registered in England with registered office at Sandringham House, Ackhurst Park, Chorley, Lancashire, PR7 1NY.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The financial statements are presented in GBP, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but 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 following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

2. Accounting policies

2.1 Basis of preparation

On 11 May 2017 The Company's ultimate parent undertaking became, Eagle Holding Company I, a company registered in the State of Delaware, USA. This company is controlled by funds managed by the Carlyle Group, Hellman & Friedman, a subsidiary of the Abu Dhabi Investment Authority (ADIA), and an affiliate of GIC, Singapore's sovereign wealth fund. Copies of the accounts of Eagle Holding Company I can be obtained from: The Company Secretary: PPD UK Holdings Limited, Granta Park, Great Abington, Cambridge, CB21 6GQ UK.

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 period reconciliations for share capital,
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Eagle Holding Company I include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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

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

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on the going concern basis, which the directors believe appropriate for the following reasons.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. Having regard to the current financial position of both the Group and Company and the current Company order book together with financial forecasts and strategic plans for future periods; the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the Company's activities, net of discounts, rebates and VAT.

Revenue is recognised when the milestones contained in contracts are fulfilled and the value can be reliably measured. Any payments in advance are shown in creditors as deferred income.

The Company is a service company. It provides the following services to Pharmaceutical companies/CROs:

a) Recruitment of patients for trials

Received for outreach, identification, recruitment and randomisation of patients for studies. When a recruitment budget is paid upfront or in stages, the full invoiced amount is retained as deferred income until appropriate to recognise revenue in line with patient recruitment progress.

b) Running of clinical trials once patients have been recruited

Received for on-going patient visits for the length of a study. A fee per visit is built into contracts and is invoiced/accrued based on visit logs from the Synergy system.

c) Pass through

Received from sponsor to reimburse Synexus for patient travel costs & other expenses invoiced/ accrued based on visit logs, occurrence of relevant event.

d) Other study revenue

Received to cover complex project management requirements. Fees received are deferred and recognised in revenue on a straight line basis over the life of the contract.

The revenue that will be received for each of these services is defined in contracts signed upfront with customers. Where revenue is subsequently re-negotiated with a customer, a "Change Order" document will be signed replacing the original contract. Each contract will specify a number of activities and the revenue that is attributable to achieving that activity.

The Company has systems in place to track the progress of recruitment and on-going trials against the activities specified in contracts. As such, the Company meets the requirements of IAS18 and

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

recognises revenue according to stage of completion.

2.4 Share based payments

The Company's employees, directors and consultants can be granted share options, restricted share and share-based awards under the Eagle Holding Company I Equity Incentive Plan. For share options that have performance-based vesting, the fair value of such options is expensed on a straight-line basis over the vesting period when it is probable that the performance condition will be met. The share based payments are issued directly by Eagle Holding's I to the Company's employees, directors and consultants.

The Company recognises the share-based payment expense in its Statement of Total Comprehensive Income and a corresponding entry in equity in the Profit and Loss account for the capital contribution it receives from Eagle Holdings I for granting share options over its equity instruments to the Company's employees, directors and consultants.

2.5 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.6 Dividend Income

Dividend income is recognised when the right to receive payment is established.

2.7 Intercompany loans and interests

Interest is calculated on all loans to and from other Company undertakings and charged to the Statement of Total Comprehensive Income in the period that it arises. As all Company loans are payable/repayable on demand these loans and receivables have not been amortised.

2.8 Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the Statement of Comprehensive Income

2.9 Post retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to profit and loss represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except for charges 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.

2.12 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.

2.13 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.

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 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.

Depreciation is provided on the following basis:

Leasehold improvements	-	20%
Clinical equipment	-	25%
Fixtures and fittings	-	10%
Office equipment	-	25%
Computer hardware	-	33%

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

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

2.14 Investments

Investments in subsidiary undertakings are stated at cost less amounts impaired.

2.15 Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. The interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

2.16 Financial assets

a) Classification

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets. The Company determines the classification of its financial assets upon initial recognition.

(b) Measurement

The initial and subsequent measurement of financial assets held by the Company depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are held at amortised cost using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

(c) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or a Company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated.

Derivative financial instruments and hedging activities

Derivative financial instruments such as futures and swap contracts are entered into in order to hedge exposure to fluctuations which arise on foreign exchange and interest rates. Derivative financial instruments are recognised at fair value of contracts at the balance sheet date.

The fair value of derivative financial instruments such as swaps is determined by reference to the traded price of that instrument on the relevant exchange or over the counter market at the balance sheet date.

Cash flow hedges

Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ('cash flow hedges') are recognised directly in equity (other comprehensive income) except for any ineffective portion which is recognised immediately in the Statement of Total Comprehensive Income.

Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Total Comprehensive Income in the same period in which the hedged item affects net profit or loss.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the Statement of Total Comprehensive Income as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gains or losses relating to cash flow hedges recognised in equity are recognised in the Statement of Total Comprehensive Income.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Statement of Total Comprehensive Income immediately.

Interest is calculated on all loans to and from other Company undertakings and charged to the Statement of Total Comprehensive Income in the period that it arises. As all Company loans are payable/repayable on demand these loans and receivables have not been amortised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.17 Financial liabilities

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents, loans and borrowings and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries and Goodwill have been impaired requires estimations of the investments' and the Cash Generating Units values in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from investment/Cash Generating Units and suitable discount rates in order to calculate present values.

Debtors

Using information available at the balance sheet date, the Directors make judgments based on experience regarding the level of the potentially uncollectible receivables.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

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

	2017	2016
	£000	£000
Visit fee and pass through income	33,414	23,863
Recruitment budget	23,142	11,422
Other study revenue	4,071	3,587
	<u>60,627</u>	<u>38,872</u>

An analysis of turnover by country of destination:

	2017	2016
	£000	£000
United Kingdom	24,683	16,571
Europe	3,408	10,850
Rest of World	32,536	11,451
	<u>60,627</u>	<u>38,872</u>

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£000	£000
Fees payable to the Company's auditor for the audit of the company's annual accounts	13	13
Fees payable to the Company's auditor on behalf of fellow group undertakings	6	8
Fees payable to the Company's auditor and its associates for other services	1	-
Depreciation of tangible fixed assets	168	349
Exchange differences	1,274	307
Research and development costs written off	45	364
Operating lease payments		
- Hire of plant and machinery	29	8
- Land and buildings	274	186
	<u>274</u>	<u>186</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Employees

Staff costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	5,548	5,449
Social security costs	579	584
Cost of defined contribution scheme	191	196
	<u>6,318</u>	<u>6,229</u>

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

	2017	2016
	No.	No.
Management staff	2	2
Administrative staff	83	82
	<u>85</u>	<u>84</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Directors' remuneration

	2017	2016
	£000	£000
Directors' emoluments	2,960	1,203
Share based payments	14	159
Company contributions to defined contribution pension schemes	18	28
	<u>2,992</u>	<u>1,390</u>

During the year retirement benefits were accruing to 3 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,180k (2016 - £793k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10k (2016 - £16k).

Included in the above Directors' emoluments are compensation payments made to the Directors' for the share options which were settled when the Ultimate Parent of the group changed from Jaguar Holding to Eagle Holding during the year.

At the year end there were 8,036 (2016: 225,000) of share based options granted for directors. Options outstanding at 31 December 2017 had a weighted average share price at the grant date of £20.02 (2016: £13.70) and a weighted average remaining contractual life of 9.5 years (2016: 6 years). They have an exercise price of £20.02.

The highest paid Director had no outstanding share options granted at the year end (2016: share options outstanding were valued at £110k).

8. Interest receivable

	2017	2016
	£000	£000
Interest receivable from group undertakings	721	350
	<u>721</u>	<u>350</u>

9. Interest payable and similar charges

	2017	2016
	£000	£000
Bank interest payable	-	1
Interest payable to group undertakings	1,087	931
	<u>1,087</u>	<u>932</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation

	2017	2016
	£000	£000
Current tax on profits for the year	-	640
Adjustments in respect of previous periods	(640)	-
Total current tax	<u>(640)</u>	<u>640</u>
Deferred tax		
Origination and reversal of timing differences	222	(440)
Total deferred tax	<u>222</u>	<u>(440)</u>
Taxation on (loss)/profit on ordinary activities	<u>(418)</u>	<u>200</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	2,468	5,028
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	475	1,006
Effects of:		
Expenses not deductible for tax purposes	56	279
Adjustments to tax charge in respect of prior periods	(640)	-
Non-taxable income	-	(22)
Adjustment to deferred tax due to rate change	(29)	63
Adjustment to deferred tax in respect of prior periods	124	(125)
Group relief	(404)	(1,001)
Total tax charge for the year	<u>(418)</u>	<u>200</u>

Factors that may affect future tax charges

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions will reduce the Company's future current tax charge accordingly.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Group recapitalisation costs

	2017 £000	2016 £000
Group recapitalisation costs	4,019	-
	<u>4,019</u>	<u>-</u>

In May 2017, the company's parent group was recapitalised into Eagle Holding Company I ("Eagle I"). Upon recapitalisation, Eagle I adopted the Eagle I Plan and stock options granted under the Jaguar Holding Company I 2011 Equity Incentive Plan were cancelled during the year. The accelerated charge as a result of the cancellation of the Jaguar I scheme was £3,099k (included in the P&L above). The amount of cash reimbursement for the cancelled share options was £3,369k.

Included in the above costs are amounts totalling £920k associated with restructuring which was undertaken in the year.

12. Intangible assets

	Patents £000	Assets under construction £000	Total £000
Cost			
At 1 January 2017	13	-	13
Additions	-	410	410
At 31 December 2017	<u>13</u>	<u>410</u>	<u>423</u>
Amortisation			
At 1 January 2017	11	-	11
Charge for the year	1	-	1
At 31 December 2017	<u>12</u>	<u>-</u>	<u>12</u>
Net book value			
At 31 December 2017	<u>1</u>	<u>410</u>	<u>411</u>
At 31 December 2016	<u>2</u>	<u>-</u>	<u>2</u>

Assets under construction relate to software development.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Computer Costs £000	Fixtures and fittings £000	Equipment £000	Leasehold improvements £000	Total £000
Cost					
At 1 January 2017	1,458	4	6	11	1,479
Additions	53	30	-	-	83
Disposals	(29)	-	-	-	(29)
At 31 December 2017	<u>1,482</u>	<u>34</u>	<u>6</u>	<u>11</u>	<u>1,533</u>
Depreciation					
At 1 January 2017	1,151	1	3	3	1,158
Charge for the year	161	4	1	2	168
Disposals	(29)	-	-	-	(29)
At 31 December 2017	<u>1,283</u>	<u>5</u>	<u>4</u>	<u>5</u>	<u>1,297</u>
Net book value					
At 31 December 2017	<u>199</u>	<u>29</u>	<u>2</u>	<u>6</u>	<u>236</u>
At 31 December 2016	<u>307</u>	<u>3</u>	<u>3</u>	<u>8</u>	<u>321</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2017	10,489
	<hr/>
At 31 December 2017	10,489
	<hr/> <hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Synexus Limited (incorporated in England) ^	Ordinary shares	100 %	Clinical trials
Synexus Polska sp. z.o.o. (incorporated in Poland) (1)	Ordinary shares	100 %	Clinical trials
Synexus Clinical Research SA (Pty) Limited (incorporated in South Africa) (2)	Ordinary shares	100 %	Clinical trials
Synexus Magyarorszag Kft (incorporated in Hungary) (3)	Ordinary shares	100 %	Holding Company
Synexus Clinical Research Management GmbH (incorporated in Germany)* (4)	Ordinary shares	100 %	Clinical trials
Synexus Clinical Research GmbH (incorporated in Germany)* (4)	Ordinary shares	100 %	Clinical trials
Synexus Ukraine Limited Liability Company (incorporated in the Ukraine) (5)	Ordinary shares	99 %	Clinical trials
Synexus Clinica Medicala SRL (incorporated in Romania) (6)	Ordinary shares	99 %	Clinical trials
Synexus (Trustees) Limited (incorporated in England)* ^	Ordinary shares	100 %	Dormant
Synexus Bulgaria (incorporated in Bulgaria) (7)	Ordinary shares	100 %	Clinical trials
Synexus Czech s.r.o (incorporated in Czech Republic) (8)	Ordinary shares	100 %	Clinical trials
Medical Centre Synexus Sofia EOOD (incorporated in Bulgaria)* (7)	Ordinary shares	100 %	Clinical trials

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Fixed asset investments (continued)

* Investments held indirectly through subsidiaries.

The registered addresses of the above subsidiary undertakings are as follows:

- ^ Sandringham House, Ackhurst Park, Chorley, Lancashire, PR7 1NY, United Kingdom;
(1) - Gwiazdzista 66, 53-413 Wroclaw, Poland;
(2) - 60 Stamvrug Street Val de Grace, Pretoria 0184, South Africa;
(3) - Bécsi út 61, H-1036 Budapest, Hungary;
(4) - Johannisplatz 1, 04103 Leipzig, Germany;
(5) - 119-121 Peremogy avenu, Office 850, 03115 Kyiv, Ukraine;
(6) - Sos Pantelimon, nr. 248-250, bl.59-60, Mezanin, Bucuresti, Sector 2, Romania;
(7) - 28 Hristo Botev Blv. Office 8, 1000 Sofia, Bulgaria;
(8) - Na porici 1079/3a, 110 00 Praha 1, Czech Republic.

Fixed asset investments are held at cost less impairment. The Company has tested investments for impairment. No impairment loss was recognised in 2017.

15. Debtors

	2017 £000	2016 £000
Trade debtors	14,279	24,768
Amounts owed by group undertakings	43,643	22,908
Other debtors	94	210
Prepayments and accrued income	3,555	2,907
Deferred taxation	218	440
	<u>61,789</u>	<u>51,233</u>

Amounts owed by other companies, are unsecured, with varying interest rates and repayable on demand.

16. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	1,551	10,656
	<u>1,551</u>	<u>10,656</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	152	79
Amounts owed to group undertakings	22,113	19,104
Corporation tax	-	640
Other taxation and social security	1,883	2,297
Other creditors	286	-
Accruals and deferred income	27,578	30,968
	<u>52,012</u>	<u>53,088</u>

Amounts owed to other companies, are unsecured, with varying interest rates and repayable on demand.

Details of securities held are as follows:

Debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 28 April 2015.

18. Deferred taxation

	2017
	£000
At beginning of year	440
Charged to profit or loss	(222)
At end of year	<u>218</u>

The deferred tax asset is made up as follows:

	2017	2016
	£000	£000
Fixed asset temporary differences	100	117
Short term temporary differences	118	323
	<u>218</u>	<u>440</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Share capital

	2017	2016
	No	No
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary Share shares of £0.1 each	1	1
	<u>1</u>	<u>1</u>

Holders of the ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

20. Reserves

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents paid up share capital, created in the event of a Company purchasing its own shares in circumstances resulting in a reduction of share capital, in order to protect creditors by ensuring that the assets representing the Company's capital are not reduced.

Merger Reserve

A reserve credited in place of a share premium account when merger relief is made use of. The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares.

Profit and loss account

A reserve that contains the balance of retained earnings to carry forward.

21. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£000	£000
Not later than 1 year	153	184
Later than 1 year and not later than 5 years	46	154
	<u>199</u>	<u>338</u>

Leases of land and buildings are typically subject to rent reviews at specific intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Pension costs

The company makes contributions to employees' personal pension scheme. The charge for the year was £190,860 (2016: £196,474). There were contributions of £25,343 outstanding at 2017 (2016: £27,681).

23. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

However Synexus Ukraine Limited Liability Company and Synexus Clinica Medicala SRL are 99% owned by Synexus Clinical Research Limited and the following information is relevant:

In the year Synexus Clinical Research Limited made purchases from Synexus Ukraine Limited Liability Company totalling £2,258k (2016: £1,736k) and made sales to them totalling £nil (2016: £nil). At the year end Synexus Clinical Research Limited owed Synexus Ukraine Limited Liability Company a balance of £214k (2016: £532k). At the year end Synexus Ukraine Limited Liability Company owed Synexus Clinical Research Limited a balance totalling £nil (2016: £321k).

In the year Synexus Clinical Research Limited made purchases from Synexus Clinica Medicala SRL totalling £991k (2016: £617k) and made sales to them totalling £3k (2016: £32k). At the year end Synexus Clinical Research Limited owed Synexus Clinica Medicala SRL a balance of £310k (2016: £342k). At the year end Synexus Clinica Medicala SRL owed Synexus Clinical Research Limited a balance of £nil (2016: £77k).

Furthermore at the year end there was an outstanding inter-company loan owed to Synexus Clinical Research Limited from Synexus Clinica Medicala SRL with a balance totalling £1,209k (2016: £1,105k). Interest income associated with this loan totalled £57k (2016: £109k).

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

24. Share based payments

The Group is a part of the Eagle Holding Company I Equity Incentive Plan (the "Plan").

Under the Plan, Eagle Holding Company I can issue share options, restricted share and other share-based awards to employees, directors and consultants of the subsidiary companies.

The Plan is administered by the Board of Directors of the Eagle Holding Company I or any committee or committees thereof to which the Board delegates authority (the "Administrator"). The Plan provides that the Administrator will have the authority to determine who receives awards, to grant awards and to set all terms and conditions of awards, including vesting, exercise and forfeiture provisions.

Share options granted under the Plan may not have a term that exceeds ten years from the date of grant. The exercise price of share options issued under the Plan may not be less than the fair market value of the Eagle Holding Company I common share on the date of grant. For share options that have time-based vesting, the fair value of such options will be expensed on a straight-line basis over the vesting period. For share options that have performance-based vesting, the fair value of such options will be expensed on a straight-line basis over the vesting period when it is probable that the performance condition will be met.

The scheme is an equity settled share based payment arrangement whereby the employees of the Company are granted share options over the parent Company's equity instruments.

The share options outstanding at 31 December 2017 had a weighted average share price at the date of exercise of £20.02 (2016: £13.99) and a weighted average remaining contractual life of 9 years 6 months. The exercise price is also £20.02.

The share based compensation charge for the year is £235k. The accelerated charge as a result of the cancellation of the Jaguar I scheme (see note 11) was £3,099k. The amount of cash reimbursement for the cancelled share options was £3,369k.

25. Controlling party

The Company is a wholly owned subsidiary undertaking of Synexus Clinical Research Midco 1 Limited, a company registered in England and Wales.

At 31 December 2017, the directors regard Eagle Holding Company I., a Company registered in the State of Delaware, USA, as the ultimate holding company. This Company is controlled by funds managed by the Carlyle Group and Hellman & Friedman, a subsidiary of the Abu Dhabi Investment Authority (ADIA), and an affiliate of GIC, Singapore's sovereign wealth fund.

The smallest and largest company that Synexus Clinical Research Limited is consolidated into is Eagle Holding Company I. Copies of the accounts of Eagle Holding Company I can be obtained from: The Company Secretary; PPD UK Holdings Ltd, Granta Park, Great Abington, Cambridge, CB21 6GQ UK.