

Synexus Clinical Research Limited

Registered number: 05575991

Annual report and financial statements

For the year ended 31 December 2018



SYNEXUS CLINICAL RESEARCH LIMITED

COMPANY INFORMATION

Directors	C Neild J James R Smith (appointed 12 September 2019) R van Tonder (appointed 12 September 2019)
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 2018

Introduction

The Directors present the strategic report of the Company for the year ended 31 December 2018.

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 2018 Synexus continued to evolve under Eagle Holding Company I. Synexus became part of the Accelerated Enrollment Services (AES) brand, which brings together the site network capabilities of Synexus, the patient enrollment services of Acurian Inc and the Vaccines and Oncology specialism of Optimal Research.

Both Acurian and Optimal Research are group companies under the Eagle Holding Company I structure. The new AES grouping enables further efficiencies and cost savings in the drug development processes for our clients.

Acurian and Synexus have proven track records for enrolling patients and study conduct through proprietary, direct-to-patient recruitment methodologies and a global site network. When combined, these services provide a new standard of clinical trial productivity that delivers more patients from fewer sites in less time.

AES aims to revolutionise the clinical trials industry using its unique value proposition and to continue to leverage its expertise in key therapeutic areas to deliver value for both customers and patients.

Organic Growth

Synexus continued its organic expansion by extending existing site capacity to service growing demand from customers and investing in sites to improve site capacity, quality and patient experience.

New Dedicated Research Sites (DRS) were opened in Poland during 2018, and affiliate site relationships have been built enabling Synexus to extend its service range into India.

SYNEXUS CLINICAL RESEARCH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Results and performance

The year ended 31 December 2018 saw the Company generate revenue of £71.3m (2017: £60.6m).

The operating profit for 2018 of £1.4m (2017: profit of: £2.8m) is stated after depreciation of £0.1m (2017: £0.2m).

Key Performance Indicators

The Company saw revenue growth of 18% compared to 2017 as the Company continues to win larger studies.

The Company continued to be profitable in 2018. The temporary pause of a major study programme during part of 2018 impacted overall margins compared to the prior year however the order book is strong and further growth is expected in 2019.

Current Trading and Future Outlook

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 the operations of its global subsidiaries.

The Company is also now a key part of the overall AES brand which is achieving success in the marketplace. Successful business development during the year has resulted in a strong closing order book, which gives management confidence that the business has a very bright future.

The Company is expected to continue in profitability in 2019 and to further grow its operations.

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:

SYNEXUS CLINICAL RESEARCH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses intra-group financing where required.

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 interest rate risk and foreign exchange 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.

SYNEXUS CLINICAL RESEARCH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

This report was approved by the board on *18 December 2019* and signed on its behalf.

[Signature]
James
Director

SYNEXUS CLINICAL RESEARCH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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 £1,066k (2017 - £2,886k).

The directors do not recommend the payment of a dividend for the period ended 31 December 2018.

Directors

The directors who served during the year were:

C Neild
B Hartman (resigned 13 September 2019)
J James
M Gondek (resigned 13 September 2019)

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.

The directors have relied on the ongoing support of the parent group in making their assessment.

Impact of the United Kingdom exiting the European Union

The UK government formally initiated the process to leave the European Union ("EU"), this process is commonly referred to as "Brexit". Economic conditions and regulatory changes leading up to, and following, Brexit could negatively affect the Company and results of operations. The impact from Brexit, if any, will depend, in part on the outcome of tariff, trade, regulatory, immigration and other negotiations between the UK and the EU over the next two years. In the period since the Brexit vote, there has been volatility in the global stock markets and foreign currency exchange rates, as well as general economic uncertainty in both the UK and EU. Whilst currently hard to predict, the effects of Brexit could have an adverse impact on the company's business, results of operations, financial condition, or cash flows. The Company has set up a Brexit committee at Group level which meets regularly to review new information on Brexit as it becomes available to determine how these risks could affect the Group.

SYNEXUS CLINICAL RESEARCH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 and 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

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 £11,580,901 in 2018 (2017: £44,880).

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.

SYNEXUS CLINICAL RESEARCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SYNEXUS CLINICAL RESEARCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2008, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

This report was approved by the board on 18 December 2019 and signed on its behalf.


J. James
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 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 2018 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 5.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's operations including the carrying value of investments.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

SYNEXUS CLINICAL RESEARCH LIMITED

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

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.

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 specified 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.

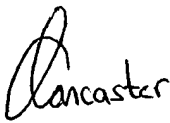
Auditor's responsibilities for the audit of the financial statements

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.



Charlene Lancaster (Senior statutory auditor)

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

Date: 19 December 2019

SYNEXUS CLINICAL RESEARCH LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover	4	71,327	60,627
Cost of sales		(64,049)	(42,864)
Gross profit		<u>7,278</u>	<u>17,763</u>
Administrative expenses		(5,884)	(10,675)
Share-based payment charge		(23)	(235)
Group recapitalisation costs	11	-	(4,019)
Operating profit	5	<u>1,371</u>	<u>2,834</u>
Interest receivable and similar income	8	897	721
Interest payable and expenses	9	(1,200)	(1,087)
Profit before tax		<u>1,068</u>	<u>2,468</u>
Tax on profit	10	(2)	418
Profit for the financial year		<u><u>1,066</u></u>	<u><u>2,886</u></u>

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.

There was no other comprehensive income for 2018 (2017: Nil)

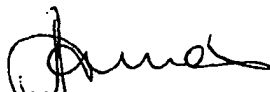
SYNEXUS CLINICAL RESEARCH LIMITED
REGISTERED NUMBER: 05676991

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	1,041	411
Tangible assets	13	161	238
Investments	14	10,489	10,489
		<u>11,691</u>	<u>11,138</u>
Current assets			
Debtors: amounts falling due within one year	15	60,812	61,789
Cash at bank and in hand	16	8,229	1,551
		<u>69,041</u>	<u>63,340</u>
Creditors: amounts falling due within one year	17	(57,189)	(52,012)
Net current assets		<u>11,872</u>	<u>11,328</u>
Total assets less current liabilities		<u>23,653</u>	<u>22,464</u>
Net assets		<u>23,653</u>	<u>22,464</u>
Capital and reserves			
Share capital	19	-	-
Capital redemption reserve	20	2,881	2,881
Merger reserve	20	1,055	1,055
Profit and loss account	20	19,837	18,748
Total equity		<u>23,653</u>	<u>22,464</u>

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

18 December 2019


L. James
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 2018**

	Called up share capital £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
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 1 January 2018	-	2,661	1,055	18,748	22,464
Comprehensive income for the year					
Profit for the year	-	-	-	1,066	1,066
Credit to equity for share based payments	-	-	-	23	23
At 31 December 2018	-	2,661	1,055	19,837	23,553

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 2018

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.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The financial statements for the year ended 31 December 2018 are the Company's first financial statements that comply with FRS102 following a decision made by the directors to align the Company's accounting framework with that of the wider group following change in ultimate ownership in the prior year. The Company's date of transition to FRS102 is 1 January 2017. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

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.

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies

2.1 Basis of preparation

The Company is a wholly owned subsidiary undertaking of Synexus Clinical Research Midco No 1 Limited, a company registered in England and Wales.

The ultimate holding company is Eagle Holding Company I, a company registered in the State of Delaware, USA.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
the requirements of Section 7 Statement of Cash Flows;
the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
the requirements of Section 26 Share-based payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Eagle Holding Company I as at 31 December 2018 and these financial statements may be obtained from The Company Secretary; PPD UK Holdings Ltd, Granta Park, Great Abington, Cambridge, CB21 6GQ UK.

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

2.2 Going concern

The 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.

The directors have relied on the ongoing support of the parent group in making their assessment.

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

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

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 FRS 102 Section 23 and 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 Company 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 Holding Company 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.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

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 certain 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 Statement of Financial Position 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 Statement of Financial Position.

2.10 Current and deferred taxation

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

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

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

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

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

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Intangible assets

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

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

The estimated useful lives range as follows:

Patents	-	10	years
Software	-	10	years

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	-	20%
Clinical equipment	-	20%
Fixtures and fittings	-	10%
Office equipment	-	20%
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.

2.13 Investments

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

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.16 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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 an assessment of any indicators of impairment. Once an indicator of impairment has arisen, estimations of the investments' values in use may be calculated to determine the value of the impairment. The value in use calculations require the Company to estimate the future cash flows expected to arise from investments and to use suitable discount rates in order to calculate present values. These estimations are subject to the directors discretion and judgment.

Deferred income

Recruitment budget income is recognised on a straight-line basis over the expected life of the planning period. The income recognised and deferred is subject to management judgment as to the progress of the study towards the completion of the planning period, which is no later than the first full month of randomisation.

Share based payments

The fair value of equity settled share based payments is determined at the date of the grant and is expensed on a straight line basis over the vesting period based on the group's estimate of options that will eventually vest and adjusted for non market-based vesting conditions. In the case of options granted, the fair value is measured by a Black-Scholes option pricing model.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

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

	2018	2017
	£000	£000
Visit fee and pass through income	38,294	33,414
Recruitment budget	26,008	23,142
Other study revenue	7,025	4,071
	<u>71,327</u>	<u>60,627</u>

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	22,472	24,683
Rest of Europe	3,869	3,408
Rest of the world	44,986	32,536
	<u>71,327</u>	<u>60,627</u>

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£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 and its associates for other services	1	1
Depreciation of tangible fixed assets	120	168
Exchange differences	(512)	1,274
Operating lease payments		
- Hire of plant and machinery	34	29
- Land and buildings	110	274

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	4,851	5,548
Social security costs	533	579
Cost of defined contribution scheme	170	191
	<u>5,554</u>	<u>6,318</u>

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

	2018	2017
	No.	No.
Management staff	2	2
Administrative staff	89	83
	<u>91</u>	<u>85</u>

7. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	210	2,960
Company contributions to defined contribution pension schemes	-	18
	<u>210</u>	<u>2,978</u>

During the year retirement benefits were accruing to no directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £210k (2017 - £2,180k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017 - £10k).

At the year end there were nil (2017: 8,306) of share based options granted for directors.

During the current year, the decision was taken to remunerate the directors via other group companies.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Interest receivable

	2018	2017
	£000	£000
Interest receivable from group undertakings	897	721

9. Interest payable and similar expenses

	2018	2017
	£000	£000
Interest payable to group undertakings	1,200	1,087

10. Taxation

	2018	2017
	£000	£000
Corporation tax		
Adjustments in respect of previous periods	-	(640)
Total current tax	-	(640)
Deferred tax		
Origination and reversal of timing differences	(14)	222
Changes to tax rates	16	-
Total deferred tax	2	222
Taxation on profit/(loss) on ordinary activities	2	(418)

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	1,068	2,468
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	203	475
Effects of:		
Expenses not deductible for tax purposes	17	56
Adjustments to tax charge in respect of prior periods	-	(640)
Non-taxable income	(21)	-
Adjustment to deferred tax due to rate change	-	(29)
Adjustment in research and development tax credit leading to an decrease in the tax charge	(370)	-
Adjustments in respect of prior year research and development tax credits	(50)	-
Adjustment to deferred tax in respect of prior periods	16	124
Adjustment due to deferred tax rate change	1	-
Group relief	206	(404)
Total tax charge for the year	2	(418)

Factors that may affect future tax charges

A 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 2018**

11. Group recapitalisation costs

	2018	2017
	£000	£000
Group recapitalisation costs	-	4,019
	<u>-</u>	<u>4,019</u>

In the prior year 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 were undertaken in the prior year.

12. Intangible assets

	Patents	Assets under	Software	Total
	£000	construction	£000	£000
		£000		
Cost				
At 1 January 2018	13	410	-	423
Additions	-	431	203	634
At 31 December 2018	<u>13</u>	<u>841</u>	<u>203</u>	<u>1,057</u>
Amortisation				
At 1 January 2018	12	-	-	12
Charge for the year	1	-	3	4
At 31 December 2018	<u>13</u>	<u>-</u>	<u>3</u>	<u>16</u>
Net book value				
At 31 December 2018	<u>-</u>	<u>841</u>	<u>200</u>	<u>1,041</u>
At 31 December 2017	<u>1</u>	<u>410</u>	<u>-</u>	<u>411</u>

Assets under construction relate to software development.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Assets under construction £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation						
At 1 January 2018	11	1,482	-	34	6	1,533
Additions	41	29	13	-	-	83
Disposals	-	(88)	-	-	-	(88)
At 31 December 2018	<u>52</u>	<u>1,423</u>	<u>13</u>	<u>34</u>	<u>6</u>	<u>1,528</u>
Depreciation						
At 1 January 2018	5	1,283	-	5	4	1,297
Charge for the year	4	111	-	4	1	120
Disposals	-	(40)	-	-	-	(40)
At 31 December 2018	<u>9</u>	<u>1,354</u>	<u>-</u>	<u>9</u>	<u>5</u>	<u>1,377</u>
Net book value						
At 31 December 2018	<u>43</u>	<u>69</u>	<u>13</u>	<u>25</u>	<u>1</u>	<u>151</u>
At 31 December 2017	<u>6</u>	<u>199</u>	<u>-</u>	<u>29</u>	<u>2</u>	<u>236</u>

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	10,489
At 31 December 2018	<u>10,489</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

* 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 2018.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Debtors

	2018	2017
	£000	£000
Trade debtors	4,554	14,279
Amounts owed by group undertakings	22,042	43,643
Other debtors	2,473	94
Prepayments and accrued income	18,382	3,555
Loan receivable from parent company	12,564	-
Deferred taxation	797	218
	<u>60,812</u>	<u>61,789</u>

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

Loan receivable from parent company has an interest rate of 4.25% and is repayable on demand.

16. Cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	<u>8,229</u>	<u>1,551</u>

17. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	236	152
Amounts owed to group undertakings	21,405	22,113
Other taxation and social security	451	1,883
Other creditors	76	286
Accruals and deferred income	35,001	27,578
	<u>57,169</u>	<u>52,012</u>

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

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Deferred taxation

	2018 £000
At beginning of year	218
Deferred tax (charge)/credit	(2)
Notional tax on R&D expenditure credit	581
At end of year	797

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Fixed asset temporary differences	90	100
Short term temporary differences	126	118
Notional tax on R&D expenditure credit	581	-
	797	218

Deferred taxation has been provided for at rates between 17-19% (2017 - 17-19%) in accordance with the rates expected to be applied when the deferred tax liability unwinds.

Fixed asset temporary differences are expected to unwind in over 5 years.

Short term temporary differences and notional tax on R&D expenditure credit are expected to unwind within the next year.

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 (2017 - 1) Ordinary Share shares of £0.1 each-	1	1

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.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Not later than 1 year	82	153
Later than 1 year and not later than 5 years	250	46
	<u>332</u>	<u>199</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.

22. Pension costs

The company makes contributions to employees' personal pension scheme. The charge for the year was £169,606 (2017: £190,860). There were contributions of £nil outstanding at 2018 (2017: £25,343).

SYNEXUS CLINICAL RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

23. Related party transactions

The Company has taken advantage of the exemption available in Section 33 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" related party disclosures from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

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 £3,881k (2017: £2,258k) and made sales to them totalling £nil (2017: £nil). At the year end Synexus Clinical Research Limited owed Synexus Ukraine Limited Liability Company a balance of £377k (2017: £214k). At the year end Synexus Ukraine Limited Liability Company owed Synexus Clinical Research Limited a balance totalling £nil (2017: £nil).

In the year Synexus Clinical Research Limited made purchases from Synexus Clinica Medicala SRL totalling £870k (2017: £991k) and made sales to them totalling £3k (2017: £3k). At the year end Synexus Clinical Research Limited owed Synexus Clinica Medicala SRL a balance of £365k (2017: £310k). At the year end Synexus Clinica Medicala SRL owed Synexus Clinical Research Limited a balance of £nil (2017: £nil).

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 £1,291k (2017: £1,209k). Interest income associated with this loan totalled £57k (2017: £57k).

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 based compensation charge for the year is £23k.

SYNEXUS CLINICAL RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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 2018, 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.