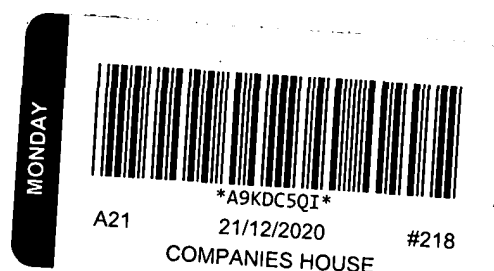


**COVANCE CRS INTERNATIONAL LIMITED**  
**(Formerly Envigo International Limited)**

**STRATEGIC REPORT, DIRECTORS' REPORT**  
**AND FINANCIAL STATEMENTS**

**31 DECEMBER 2019**



# **COVANCE CRS INTERNATIONAL LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

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# **COVANCE CRS INTERNATIONAL LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Board of directors**

R S Pringle  
S D A Street  
S van der Vaart

### **Registered office**

Woolley Road  
Alconbury  
Huntingdon  
Cambridgeshire  
PE28 4HS  
United Kingdom

### **Auditor**

KPMG LLP  
Chartered accountant & statutory auditor  
15 Canada Square  
Canary Wharf  
London  
United Kingdom  
E14 5GL

# COVANCE CRS INTERNATIONAL LIMITED

## STRATEGIC REPORT

~~YEAR ENDED 31 DECEMBER 2019~~

### Principal activity

The principal activity of the company in the year was that of a holding company. However, the directors took the decision post year end to cease trading following the sale of the company's trade and assets to a group company, Covance Laboratories Limited for fair value. As a result, the directors have not prepared the financial statements on a going concern basis. The effect is explained in note 3.

### Business Review

During the year the company underwent reorganisation where intercompany debt in its immediate subsidiaries Covance CRS Ltd and Covance Pharma Ltd were extinguished by issue of 1 extra share in each company. The company also sold its investment in Covance CRS Co (Japan) to another group company and disposed of its investment in Avom Research Limited. The net result of these transactions increased investment by £52.9m.

Also, during the year, the company settled its intercompany debt by issuing one share and increasing share premium.

### Principal risks and uncertainties

The company is exposed to a variety of financial risks which result from both its operating and investing activities. The board is responsible for coordinating the company's risk management and focuses on actively securing the company's short to medium cash flows.

The company does not actively engage in the trading of financial assets and has no financial derivatives. The most significant financial risks to which the company is exposed to are described below.

The company's main risk is in relation to the recoverability of the value of its subsidiary undertaking. The company seeks to manage the risk through on-going communication with the subsidiary and monitoring of their results and financial position. As of the date of this report, there is no concern on the recoverability of the company's investments in its subsidiaries as the sub-group is profitable and cash generative.

### Cash flow risks

The company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

### UK departure from the European Union

On June 23, 2016, the UK held a referendum in which voters approved an exit from the European Union ("EU"), commonly referred to as Brexit. Brexit has caused significant disruption and uncertainty in the UK and worldwide business communities and has resulted in volatile currency exchange fluctuations.

The UK formally left the EU in January 2020 and has entered into an 11-month transition period. However, there remains significant uncertainty over the final terms of the exit. This could result in increased cost of goods imported into and exported from the UK and may decrease the profitability of the company. Additional currency volatility could drive a weaker British pound, which increases the cost of goods imported into the company and may decrease the profitability of the company.

Whilst the company has taken steps to mitigate the impact of Brexit on the business, other factors outside our control could have an adverse material impact on our business and financial condition.

## COVANCE CRS INTERNATIONAL LIMITED

### STRATEGIC REPORT *(continued)*

#### YEAR ENDED 31 DECEMBER 2019

##### COVID-19

Laboratory Corporation of America Holdings ('LabCorp'), the company's ultimate parent is leveraging the full power of its combined diagnostics and drug development capabilities to battle the COVID-19 pandemic. LabCorp is actively supporting the response to COVID-19 in the United States and globally, across its diagnostics and drug development businesses. LabCorp is applying its deep expertise in support of clinical studies into antivirals, vaccines and immune response modifying therapies to find solutions that quickly reduce the spread of COVID-19 throughout our communities and reduce the mortality from COVID-19 across the world.


- Most drug development sites remain operational (excluding areas restricted by local/country mandates)
- Business Continuity Plans (BCPs) have been implemented across all service lines around the globe. We are effectively managing our supply chain globally, regionally and locally
- We continue to initiate new studies in most preclinical, clinical and post-approval services, adapting as required by local / country restrictions.
- An enterprise-wide COVID-19 rapid response team is supporting agile development of new treatments, vaccines and diagnostics
- We are keeping our CRO partners updated on our actions
- Working closely with sites to maintain trial activities particularly around active patients
- Collaborating with sites to provide access to adequate care either on- or off-site
- Monitoring teams are working with sites to schedule remote visits and readiness to resume on-site visits when permitted.

##### Key Performance Indicators

The company uses several performance indicators to monitor its progress. The focus of the company continues to be improving efficiency levels, margins and customer service within a constantly changing and rapidly expanding market. Management believe the company's key financial and other performance indicators during the year were as follows:

	2019 £000	2018 £000
Turnover	867	1,737
Operating (loss)/profit	(1,676)	2,007

This report was approved by the board of directors on 15 December 2020 and signed on behalf of the board by:



R S Pringle  
Director

# **COVANCE CRS INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements of the company for the year ended 31 December 2019.

#### **Company Name**

On the 4 June 2019 the company changed its name to Covance CRS International Limited from Envigo International Limited.

#### **Directors**

The directors who served the company during the year were as follows:

S Symonds  
M G O'Reilly  
R S Pringle  
S Street  
S Van der Vaart

S Symonds and M G O'Reilly resigned on 3 June 2019.  
R S Pringle, S Street and S Van der Vaart were appointed on 3 June 2019.

#### **Dividends**

Particulars of dividends are detailed in note 8 to the financial statements.

#### **Events after the end of the reporting period**

On 31 March 2020 the trade and assets of Covance CRS International Limited were transferred to Covance Laboratories Limited.

Further particulars of events after the reporting date are detailed in note 15 to the financial statements.

#### **Qualifying indemnity provision**

The company is party to qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Disclosure of information to the auditor**

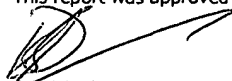
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Auditor**

The auditor KPMG will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 15 December 2020 and signed on behalf of the board by:

  
R S Pringle  
Director

## **COVANCE CRS INTERNATIONAL LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 3, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVANCE CRS INTERNATIONAL LIMITED**

**YEAR ENDED 31 DECEMBER 2019**

### **Opinion**

We have audited the financial statements of Covance CRS International Limited ("the company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 3. These financial statements have not been prepared on the going concern basis for the reason set out in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Emphasis of matter – ~~non-going concern basis of preparation~~**

We draw attention to the disclosure made in note 3 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVANCE CRS INTERNATIONAL LIMITED (continued)**

## **YEAR ENDED 31 DECEMBER 2019**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

*KPMG LLP*

KPMG LLP  
Chartered accountants & statutory auditor  
15 Canada Square  
Canary Wharf  
London  
United Kingdom  
E14 5GL

15 December 2020

# COVANCE CRS INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

### FOR YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover	4	867	1,737
Gross profit		<u>867</u>	<u>1,737</u>
Administrative expenses		<u>(2,543)</u>	<u>270</u>
Operating (loss)/profit	5	(1,676)	2,007
Exceptional items	6	14,336	(3,828)
Income from shares in group undertakings		<u>2,106</u>	<u>-</u>
Profit/(loss) before taxation		<u>14,766</u>	<u>(1,821)</u>
Tax on profit/(loss)	7	<u>-</u>	<u>(57)</u>
Profit/(loss) for the financial year		<u>14,766</u>	<u>(1,878)</u>

All the activities of the company are from discontinuing operations.

The notes on pages 11 to 18 form part of these financial statements.

# COVANCE CRS INTERNATIONAL LIMITED

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	9	98,998	46,060
<b>Current assets</b>			
Debtors	10	496	2,954
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,335)</u>	<u>(16,355)</u>
<b>Net current liabilities</b>		<u>(839)</u>	<u>(13,401)</u>
<b>Total assets less current liabilities</b>		<u>98,159</u>	<u>32,659</u>
<b>Net assets</b>		<u>98,159</u>	<u>32,659</u>
<b>Capital and reserves</b>			
Called up share capital	12	14,676	14,676
Share premium account	13	73,242	19,310
Profit and loss account	13	<u>10,241</u>	<u>(1,327)</u>
<b>Shareholders' funds</b>		<u>98,159</u>	<u>32,659</u>

These financial statements were approved by the board of directors and authorised for issue on 15 December 2020 and are signed on behalf of the board by:



**R S Pringle**  
Director

Company registration number: 00502370

The notes on pages 11 to 18 form part of these financial statements.

# COVANCE CRS INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Called Up Share Capital £000	Share Premium Account £000	Profit And Loss Account £000	Total £000
<b>At 1 January 2018</b>	14,676	19,310	551	<b>34,537</b>
Loss for the year	-	-	(1,878)	<b>(1,878)</b>
<b>At 31 December 2018</b>	14,676	19,310	(1,327)	<b>32,659</b>
Profit for the year	-	-	14,766	<b>14,766</b>
<b>Transactions with owners, recorded directly in equity</b>				
Issue of share capital	-	53,932	-	<b>53,932</b>
Dividends paid	-	-	(3,198)	<b>(3,198)</b>
<b>Total contributions by and distributions to owners</b>	-	53,932	(3,198)	<b>50,734</b>
<b>At 31 December 2019</b>	<b>14,676</b>	<b>73,242</b>	<b>10,241</b>	<b>98,159</b>

The notes on pages 11 to 18 form part of these financial statements.

**COVANCE CRS INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS YEAR**  
**ENDED 31 DECEMBER 2019**

**1. General information**

Covance CRS International Limited principal activity is disclosed in the Strategic Report. The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Woolley Road, Alconbury, Huntingdon, Cambridgeshire, PE28 4HS.

**2. Statement of compliance**

These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

**3. Accounting policies**

**Basis of preparation**

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

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

**Consolidation**

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of Section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**Going concern**

The financial statements have been prepared based on the sale of the trade and assets post year-end.

**Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Laboratory Corporation of America which can be obtained from the company's registered address. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

## **COVANCE CRS INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

#### **YEAR ENDED 31 DECEMBER 2019**

##### **3. Accounting policies** *(continued)*

###### **Judgements and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Where there are indicators of impairment of investments in subsidiary undertakings, management performs impairment tests based on fair value less cost to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data for binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model, with the cash flows derived from the board-approved budget.

The company establishes provision on reasonable estimates and, where relevant, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits.

Management estimation is required to determine the amount of deferred tax assets that are recognised, based upon the likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in future tax planning strategies.

###### **Revenue recognition**

Turnover represents management charges received from group companies.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

###### **Income tax**

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on all timing differences at the balance sheet date. Deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits. Deferred tax is measured using the tax rates and law that have been enacted or substantively enacted at the balance sheet date.

###### **Investments**

Investments are initially recorded at cost and subsequently stated at cost less any accumulated impairment.

# COVANCE CRS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2019

#### 3. Accounting policies *(continued)*

##### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

##### **Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the entity. They are items that are material either because of their size or their nature, or that are nonrecurring and are presented within the line items to which they best relate.

# COVANCE CRS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2019

#### 4. Turnover

Turnover arises from:

	<b>2019</b>	2018
	<b>£000</b>	£000
Management charges	<u><b>867</b></u>	<u>1,737</u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

#### 5. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	<b>2019</b>	2018
	<b>£000</b>	£000
Foreign exchange differences	<b>(105)</b>	(419)
Fees payable for the audit of the financial statements	<u><b>237</b></u>	<u>253</u>

Auditors' remuneration is borne by the company on behalf of subsidiary undertakings and recharged by way of a management fee, of which in the current year the remuneration of KPMG LLP as auditors for Covance CRS International Limited was £10k (2018: £10k).

Operating (loss)/profit includes a management fee recharge of £551k (2018: £1,125k) in relation to work performed by employees of other subsidiary undertakings. There are no employees associated with the company.

#### 6. Exceptional items

	<b>2019</b>	2018
	<b>£000</b>	£000
Reversal of exceptional accrual	<b>647</b>	-
Reversal of impairment of other fixed asset investments	<b>13,689</b>	-
Cyber-attack costs	<u>-</u>	<u>(3,828)</u>
	<u><b>14,336</b></u>	<u>(3,828)</u>



# COVANCE CRS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2019

#### 7. Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	<b>2019</b> <b>£000</b>	2018 £000
<b>Deferred tax:</b>		
Adjustment in respect of prior periods	-	57
<b>Total tax expense included in profit or loss</b>	<b>-</b>	<b>57</b>

The tax assessed for the year is lower than the standard rate of tax in the UK of 19%. The prior year was also lower.

#### Reconciliation of tax effective tax rate

	<b>2019</b> <b>£000</b>	2018 £000
Profit/(loss) for the year	<b>14,766</b>	(1,878)
Total tax expense	<b>-</b>	57
Profit/(loss) before taxation	<b>14,766</b>	(1,821)
<i>Tax using the UK corporation tax rate of 19% (2018: 19%)</i>	<b>2,806</b>	(346)
Adjustments in respect of prior periods	-	57
Tax exempt revenues	<b>(2,999)</b>	-
Utilisation of tax losses	-	(304)
Unused tax losses	-	650
Group relief surrendered	<b>193</b>	-
<b>Total tax expense included in profit or loss</b>	<b>-</b>	<b>57</b>

#### *Factors that may affect future tax charges*

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

# COVANCE CRS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2019

#### 8. Dividends

	2019 £000	2018 £000
Dividends paid on equity capital	<u>3,198</u>	<u>-</u>

#### 9. Investments

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2019	46,060
Purchase of shares in Group Companies	52,938
<b>Carrying amount At 31 December 2019</b>	<u><b>98,998</b></u>
At 31 December 2018	<u>46,060</u>

#### Subsidiaries, associates and other investments

	Country of incorporation	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>			
Covance CRS Limited	England	Ordinary	100
Covance Consulting Limited	England	Ordinary	100
Covance CRS Analytics Limited*	England	Ordinary	100
Covance Pharma Consulting Limited*	England	Ordinary	100

\* - Shares held through a subsidiary company

The registered addresses of the company's subsidiary undertakings are all:

- Woolley Road, Alconbury, PE28 4HS.

# COVANCE CRS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2019

<b>10. Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	<b>496</b>	2,949
Other debtors	-	5
	<b><u>496</u></b>	<b><u>2,954</u></b>

<b>11. Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<b>1,191</b>	14,049
Accruals and deferred income	<b>144</b>	2,306
	<b><u>1,335</u></b>	<b><u>16,355</u></b>

### 12. Called up share capital

#### Issued, called up and fully paid

	<b>2019</b>		<b>2018</b>	
	<b>No.</b>	<b>£000</b>	<b>No.</b>	<b>£000</b>
Ordinary shares of £0.05 each	<b>293,510,295</b>	<b>14,676</b>	293,510,294	14,676

During the year the company issued 1 share in exchange for extinguishing the intercompany balance with its former immediate parent Envigo CRS LLC. The transaction resulted in an increase in share premium.

### 13. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records undistributed accumulated profits and losses.

### 14. Contingencies

#### Group borrowings

There were no outstanding borrowings at 31 December 2019 (2018: £381m).

#### Pensions

The company is the sponsoring employer of the LSR Pension Scheme (formerly LSR Pension and Life Assurance Scheme), a funded multi-employer pension scheme providing benefits, based on final pensionable salary, for Group employees in the UK, and is therefore ultimately responsible for meeting the liabilities of the scheme. This scheme has been closed to new entrants since 5 April 1997. As of 31 December 2002, the accumulation of plan benefits of employees in the scheme was permanently suspended, and therefore, the scheme was curtailed. The assets of the scheme are held in an independent trust and a qualified independent actuary determines contributions to it. All costs pertaining to the pension scheme are met by Covance CRS Limited, a subsidiary company, and the entire scheme deficit of approximately £31m at 31 December 2019 (2018: £31m) is reflected in that company's financial statements. Covance CRS International Limited is unable to identify its share of the underlying assets and liabilities of providing pensions on a consistent and rational basis. Full details of the scheme, including the major assumptions used by the actuary are shown in the financial statements of Covance CRS Limited. A full actuarial valuation of the scheme was carried out at 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer.

# **COVANCE CRS INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

### **YEAR ENDED 31 DECEMBER 2019**

#### **15. Events after the end of the reporting period**

On 31 March 2020 the trade and assets of Covance CRS International Limited were transferred to Covance Laboratories Limited.

As at the balance sheet date a very limited number of cases of infection with the coronavirus (COVID-19) had occurred. After the balance sheet date, this has developed. The World Health Organization (WHO) declared the corona outbreak a global public health crisis on 30 January 2020 and a global pandemic on 11 March 2020. COVID-19 has not currently affected operations and the company's financial position to any significant extent and is covered in more detail in the strategic report.

#### **16. Related party transactions**

The company has taken advantage of the exemption in section 33.1A of FRS 102 from disclosing related party transactions with members of the Laboratory Corporation of America Holdings Group. The company has not been involved in any related party transactions beside dealings with wholly owned group companies and with directors.

#### **17. Controlling party**

The company's immediate parent is Covance Laboratories Limited.

The company's ultimate parent is Laboratory Corporation of America Holdings, a company incorporated in the United States of America and is the smallest and largest group for which consolidated financial statements including the company are prepared.

The consolidated financial statements of Laboratory Corporation of America Holdings are available from its registered office, 358 South Main Street, Burlington, NC 27215, United States of America.