PPD Global Ltd
Annual report and financial statements
for the year ended 31 December 2020

Registered Number 1564604

PPD Global Ltd

Annual report and financial statements for the year ended 31 December 2020

Contents

PPD Global Ltd

Strategic report for the year ended 31 December 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

The company and its subsidiaries are together called the "Group" in these financial statements. PPD Global Ltd is part of the ultimate holding company PPD Inc.'s worldwide group called the "PPD Inc. Group" in these financial statements.

Principal activity

The principal activity of the company and its branches overseas is the provision of advisory, research and consultancy services to the pharmaceutical and biotechnology industries, generating evidence to support the approval of, and maximise the value and access to, new medicines for the treatment of human disease. Our purpose and mission are to improve health by helping our customers deliver life changing therapies which we achieve through our strategy of reducing the time taken to develop these therapies and cost involved with drug development to optimize value for our customers. This is carried out in Austria, Ghana, Greece, Israel, Kenya, Portugal, New Zealand, Turkey, and the United Kingdom, and includes clinical trial design and management, data collection, biostatistical analysis and product registration support.

Review of business

Our revenues depend on a relatively small number of industries and clients. As a result, we closely monitor the market for our services. The number of drug compounds in clinical development has increased in recent years with the growth in overall R&D spending, the number of new drug approvals and continued biotechnology sector growth. Due to the challenges of drug development productivity, including the time and/or cost required to develop a new drug candidate, and the uncertainty of when or if novel new drugs will be approved, we believe biopharmaceutical companies are focusing on efforts to (i) extend the value of existing products, (ii) improve clinical success rates, (iii) restructure and re-engineer business processes and business units, (iv) increase outsourcing to Contract Research Organisations (CROs) and others and (v) lower clinical study costs. Many biotechnology companies do not have the necessary staff, operating procedures, experience or expertise to conduct clinical trials on their own and rely on CROs such as PPD to conduct clinical research for their drug candidates. We have been well placed to serve these needs of our customers, bringing the experience of our teams to bear on providing solutions. Our customers have responded by awarding us more new work.

During 2020 we continued to benefit from corporate strategy initiatives in particular the investment and development of the site network businesses. We believe these investments and actions differentiate us from other CROs and provide a competitive advantage within our industry.

Finally, we continue to focus on the initiatives to improve our operating efficiencies and control costs, streamlining corporate support and operations infrastructure to achieve, our 2021 financial objectives. We have identified several initiatives that we expect could result in significant cost savings for our business. These initiatives include strategic sourcing and information technology optimisation.

Turnover increased over the prior year to £1,236 million (2019 as restated, see note 22: £1,088 million) as the company has continued to grow year on year.

The profit and loss account for the year is set out on page 13. Gross profit increased to £371 million (2019: £333 million) over the prior year due to the increase in net revenue. A profit was made before taxation of £275 million (2019: £249 million). Net current assets increased to £362 million (2019: £179 million) primarily due to an increase in amounts recoverable on contracts. The group had an average of 1,650 employees during 2020 (2019: 1,622 employees). The group had year end cash balances of £129 million (2019: £73 million) and the balance sheet on page 14 of these financial statements shows the group's full financial position at that date. The increases in gross profit are in line with the expectations of the group's stakeholders and the directors expect further increases during 2021 to be dependent on the principal risk and uncertainties (including Covid-19).

PPD Global Ltd

Strategic report (continued)

Review of business (continued)

The directors are not aware, at the date of this report, of any planned significant changes in the group's activities in the next twelve months. The group has a number of long term contracts with customers and suppliers operating across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

The directors consider the gross and operating profit margins to be key performance indicators. The gross profit margin was 30% in 2020 and 2019 (as restated, see note 22). The operating profit was 22% in 2020 and 2019 (as restated, see note 22).

In November 2019, the company's ultimate parent company changed its name from Eagle Holding Company I, LLC to PPD, Inc. in preparation to its initial public offering. PPD, Inc. common stock began trading on The Nasdaq Global Select Market on 6 February 2020.

Section 172(1) statement

At PPD, our purpose is to improve health, our mission is to help our customers deliver life-changing therapies and our strategy is to bend the cost and time curve of drug development and optimize value by doing the following:

- As a global provider of clinical development and laboratory services, focused on operation excellence, we improve health by helping customers deliver life-changing medicines.
- Our patients are always at the heart of our work.
- Our purpose – to improve health – forms the foundation of our commitment to our customers and patients around the world.
- This is what drives us to continually reimagine – and reformulate – the future of pharmaceutical product development.
- Through ongoing innovation, we make it more efficient for patients and physicians to participate in clinical trials through Accelerated Enrollment Solutions (AES).
- We deploy an exceptional span and quality of solutions to demonstrate the effectiveness, safety and value of promising drugs.

The directors oversee the management of the business and affairs of the group in a manner consistent with the above and the best interests of the Company and its stockholders, and also in accordance with applicable laws and regulations. In this oversight role, the directors serve as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The directors select and oversee the members of senior management, who are charged by the directors with conducting the business of the Company.

The Company has a business development department that is tasked with promoting the success of the company by working closely with our current and future customers to explain the full range of services that the company provides. Our leading capabilities are evidenced by the quality, scale and diversity of our customers. Over the past five years, we have provided services to all of the top 50 biopharmaceutical companies in the world, as ranked by 2019 R&D spending, small and mid-size pharmaceutical companies and over 300 biotechnology customers as well as government, academic and non-profit organizations. We have long-standing relationships with our customers as demonstrated by having provided services for a decade or more to nine of our top ten customers by revenue for the year ended December 31, 2020.

The Company conducts an employee engagement survey on at least a triennial basis to receive feedback from this key stakeholder group and updates employees on the latest developments impacting the Company and group through regular e-mail notifications and company-wide meetings.

Commitment to Ethics and Integrity - Since the founding of the company more than 30 years ago, PPD has set high expectations for the conduct of business. Operating with integrity became a cornerstone of our culture and an integral thread of what has been called PPD's DNA. We maintain that commitment to integrity today as the employees of the PPD Inc. group work in more than 48 countries around the world to help our customers accelerate the delivery of safe and effective therapeutics to patients.

PPD Global Ltd

Strategic report (continued)

Section 172(1) statement (continued)

At PPD, operating ethically and with integrity is at the core of PPD's culture. The PPD Inc. group has a long history of acting honestly, complying with laws and regulations, following policies and adhering to high ethical standards.

Our commitment to strong ethical behavior is outlined in our Code of Conduct. Our anti-corruption compliance policy outlines and defines PPD's requirements and expectations regarding bribery and corruption. Together these two important documents provide important guidelines for how we conduct ourselves as employees and how we operate our company.

At PPD, our philanthropic giving and community outreach philosophy is simple: We invest our volunteering and funding resources into organizations that lead the way in contributing to develop healthier and thriving communities. Our employees are at the heart of our efforts. With every pound that PPD donates, we ensure there is an opportunity for employees to volunteer and engage within their local communities. Our employees embody integrity inside and beyond our offices.

Principal risk and uncertainties

The principal risks and uncertainties for the company are:

United Kingdom's vote to exit the European Union - The group has operations in multiple countries, including the United Kingdom, and have transactions in multiple currencies, including the Pound Sterling. We also employ nationals of European Union countries in the United Kingdom and United Kingdom nationals in our European Union businesses. During the second quarter of 2016, the United Kingdom voted by referendum to exit the European Union, commonly referred to as "Brexit." On January 31, 2020, the United Kingdom ceased to be part of the European Union. On December 24, 2020, the United Kingdom and the European Union announced that they had reached a new bilateral trade and cooperation agreement governing the future relationship between the United Kingdom and the European Union (the "EU-UK Trade and Cooperation Agreement") which was formally approved by the 27 member states of the European Union on 29 December 2020. The EU-UK Trade and Cooperation Agreement was formally approved by the U.K. parliament on December 30, 2020 and was formally ratified by the European Union parliament on 30 April 2021 and effective from 1 May 2021,

The EU-UK Trade and Cooperation Agreement provides some clarity in respect of the intended shape of the future relationship between the U.K. and the European Union. However, it remains unclear what general long-term economic, financial, trade and legal implications the U.K. withdrawal from the European Union will have and how the withdrawal and implications thereof will impact our business. Accordingly, the impact of the United Kingdom's departure from the European Union is uncertain. Brexit has and continues to create general economic uncertainty in the United Kingdom and European Union. The effects of Brexit could have an adverse impact on our business, results of operations, financial condition, and/or cash flows.

COVID-19 – On March 11 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic. The disease is a novel virus that is easily spread through humans. To date, the COVID-19 pandemic has impacted our business. The impacts include the ability of our employees to visit hospitals and other clinical research sites to conduct monitoring and other critical activities, we have had customers delay new studies and/or pause ongoing studies or certain activities thereof, such as patient recruitment, patient enrollment, site visits and site monitoring, for various reasons including (i) to protect patient safety, (ii) as a result of government restrictions, (iii) to limit impacts on healthcare systems and (iv) due to concerns regarding the ability of hospitals and other clinical research sites to conduct clinical trials safely, efficiently and effectively. While to date these delays have not had a material impact on our operations or financial results, continued delays or cancellations in the future could have a material adverse effect on our business, results of operations, financial condition and/or cash flows.

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Strategic report (continued)

Principal risk and uncertainties (continued)

Beginning in the second quarter of 2020, as travel restrictions were lifted and phased reopening began in jurisdictions in which we operate, we reopened a limited number of our offices and also allowed business-critical travel to occur, including employee visits to hospitals and other clinical research sites, as well as the activation of new sites. While we saw improvements over the course of 2020 in relation to fewer customers delaying new or ongoing studies, improvements in site-based activities, including patient recruitment and enrollment, these delays have impacted and will continue to impact the timing and extent to which backlog has and will convert to revenue. In addition, depending on the future duration, severity and impacts of the COVID-19 pandemic, we may have to delay reopening one or more of our offices due to government restrictions, illness or other impacts in connection with the COVID-19 pandemic.

We do not yet know the full extent of the impact the COVID-19 pandemic will have on our business, financial condition, results of operations or the global economy as a whole, as the ultimate impact of the pandemic is highly uncertain and subject to change. While the COVID-19 pandemic has impacted our business and results of operations, we have been able to largely offset the financial impact due to the mitigation activities discussed elsewhere in this Annual Report. However, the operational and financial impacts from COVID-19 could significantly increase in the future due to the magnitude, continued duration, geographic reach, ongoing impact on the global economy and capital and credit markets, and governmental stay-at-home and other restrictions relating to the COVID-19 pandemic. In addition, we might not be able to mitigate future impacts as we have done to date.

Furthermore, local governments have implemented, and may continue to implement in the future, economic and other stimulus measures to support individuals and businesses impacted by the COVID-19 pandemic, and while we have utilized such measures where applicable, such measures may not benefit us or otherwise offset any or all of the financial impacts from the COVID-19 pandemic. To date, such measures have not been material to our results of operations.

Although there are vaccines for COVID-19 that have been approved for use, distribution of the vaccines did not begin until late 2020, and a majority of the public will likely not have access to a vaccination until sometime in 2021. In addition, new strains of the virus appear to have increased transmissibility, which could complicate treatment and vaccination programs. If the pandemic continues for an extended period or worsens from current levels, governments' actions to contain the spread of COVID-19 are ineffective and/or there is a significant delay in the production, distribution or administration of effective vaccines or other therapeutics, these factors could result in a material negative impact on our business, growth, reputation, prospects, financial condition, results of operations (including components of our financial results), cash flows and liquidity. Such impacts could include, but are not limited to, additional customer delays or cancellations of awarded services, reductions in research and development, drug development pipelines which could result in lower growth to the clinical research organization industry, additional costs related to restructuring activities, decreases in the value of our investments and restrictions on our ability to obtain additional financing, if needed.

Future developments

Detailed below is an overview of some of the key factors we consider important to our business and the future developments:

Increase in Potential New Drug Candidates - The number of drug compounds in various stages of development has increased steadily over the past five years, with particularly strong growth in the number of compounds in early stages of development. While research and development spending and the number of drug candidates are increasing, the time and cost required to develop a new drug candidate also have increased. Many pharmaceutical and biotechnology companies do not have sufficient internal resources to pursue development of all of these new drug candidates on their own. Consequently, these companies are looking to the drug discovery and development services industry for cost-effective, innovative and rapid means of developing new drugs.

PPD Global Ltd

Strategic report (continued)

Future developments (continued)

Research and Development Productivity - The global development-focused CRO market, which is primary business of both the PPD Global Ltd and PPD Inc. group's, grew from approximately $14.3 billion in 2007 to an estimated $55 billion as of December 2020 and we expect this market to continue to grow at average annual growth rates of approximately 6-9%, driven by an increase in R&D spending and outsourcing by the biopharmaceutical industry, together with a move towards larger, innovative CROs such as us.

Biotechnology Industry Growth - The biotechnology industry has grown rapidly over the last decade and has emerged as an important client segment for the drug discovery and development services industry. While the biotechnology industry accounts for a smaller percentage of total industry R&D expenditure, the rate of biotechnology companies' spending is higher than traditional pharmaceutical companies. In recent years, this industry has generated significant numbers of new drug candidates that will require development and regulatory approval. Many biotechnology companies do not have the necessary staff, operating procedures, experience or expertise to conduct clinical trials on their own. Because of the time and cost involved, these companies rely heavily on CROs to conduct clinical research for their drug candidates.

Globalization of Clinical Trials - Clinical trials have become increasingly global as sponsors seek to accelerate patient recruitment, broaden access to trained investigators, reduce costs and gain access to new sources of market expertise. Moreover, pharmaceutical and biotechnology companies are increasingly seeking to file drug registration packages in multiple countries to expand drug product markets. More clinical study work is being conducted in Asia, Eastern Europe, and Latin America, as well as other geographic regions. The clinical studies to support these registration packages frequently include a combination of multinational and domestic trials. This trend puts an emphasis on global experience and coordination throughout the development process, including the collection, analysis, integration and reporting of clinical trial data.

Increased complexity in clinical development - Clinical trials continue to increase in complexity as a result of (i) more complex compounds, such as those related to immuno-oncology and orphan diseases, (ii) more specificity in patient population definitions and inclusion/exclusion criteria, (iii) an increase in the number of clinical trial endpoints and (iv) an increase in evidence generation methods, such as electronic patient-reported outcomes and virtual clinical trials. All of these factors result in more complex trial design criteria, increased difficulty in enrolling protocol eligible patients, increased length of a clinical trial and greater overall clinical trial cost (absent productivity initiatives). Because of this complexity, biopharmaceutical companies continue to seek partners such as CROs that have the experience and expertise to conduct successful, on-time, and cost effective clinical studies.

Focus on safety, effectiveness and value of biopharmaceutical and biotechnology products - Participants in drug development and overall healthcare industry are focused on improving quality and reducing costs, both of which require assessment of quality and value of drug therapies. In addition, other stakeholders in the healthcare industry, such as patients, physicians and caregivers, demand evidence of benefits and risks of biopharmaceutical products in a real-world setting. As a result, biopharmaceutical companies are looking for drug development providers that can provide real-world research, data and evidence-based solutions to demonstrate the quality and value of their products.

Approved for issue by the board of directors and signed on its behalf by:

Roger Newbery	Julia James
R S Newbery **Director**	**J M James** **Director**
Date: 4 August 2021	Date: 4 August 2021

Registered Office:
Granta Park
Great Abington
Cambridge
CB21 6GQ

PPD Global Ltd

Directors' report for the year ended 31 December 2020

The directors present their annual report together with the audited financial statements for the year ended 31 December 2020.

Going concern

The financial position of the group, its profit and loss account and balance sheet are shown on pages 13 and 14.

In making the going concern assessment, the directors have prepared forecasts and projections of expected business levels and cash flows for a period of one year from the date of approval of these financial statements, incorporating consideration of the principal risk and uncertainties arising from COVID-19 and Brexit. We do not yet know the full extent of the impacts of the COVID-19 pandemic on our business, financial condition, results of operations or the global economy, as the ultimate impact of the pandemic is highly uncertain and subject to change. The impact of the United Kingdom's departure from the European Union remains uncertain and Brexit has and continues to create general economic uncertainty in the United Kingdom and European Union. The effects of Brexit could have an adverse impact on our business, results of operations, financial condition, and/or cash flows. However, the directors are of the opinion that based on the measures we have taken and the strong financial position of the company, which includes a year-end cash balance of £129m (2019: £73m), that there will be no adverse impact on the going concern status of the company.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being at least the forthcoming 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements and believe that the group is well placed to manage its business risks successfully.

Dividends

On 18 September 2020 the company paid an interim dividend of £65,518,020. Total dividends paid in 2020 was £65,518,020 (2019: £279,058,538).

The directors do not recommend the payment of a final dividend for 2020 (2019: nil).

Directors

The directors who served throughout the year and to the date of this report unless otherwise stated are shown below:

R S Harris (appointed 19 March 2020)
C D Neild (resigned 19 March 2020)
R S Newbery
J M James

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interest and that employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through the in-house newsletters, the intranet home page and staff briefings.

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Directors' report (continued)

Existence of branches outside the UK
The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the United Kingdom as follows: Austria, Ghana, Greece, Israel, Kenya, Portugal, New Zealand, and Turkey.

Directors' indemnities
The group has made qualifying third party indemnity provisions for the benefit of its directors during the year and these remain in force at the date of this report.

Directors' pensions
Contributions are paid to defined contribution pension schemes for the directors.

Research and development
Details of research and development can be found in the Strategic Report on page 5 and form part of this report by cross-reference.

Streamlined Energy & Carbon Reporting

	Energy consumed kWh (Gross CV)	Emissions kg CO2e
Scope 1 (Fuels)	490,246	90,131
Scope 2 (Electricity)	1,288,906	329,444
	1,779,152	419,575

We report our energy consumed and associated green house gas emissions from electricity and fuel for 2020. Scopes 1 and 2 locations method using WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as our framework for calculations.

Financial risk management objectives and policies
The group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk, and price risk. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk - The group's activities expose it to the financial risks of changes in foreign currency exchange rates. This risk arises because we use different currencies to recognise revenues and pay operating expenses. The group manages this risk by (a) negotiating contracts with customers to receive payment in the same currency used to pay expenses and (b) we enter into foreign currency forward contract hedges when it is prudent or required. However, as of 31 December 2020 we had no outstanding foreign currency forward contracts (2019: none).

Credit risk - The group's principal financial assets are cash balances and trade and other debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The group has no significant concentration of credit risk, with exposure spread over a number of industries and clients.

Liquidity risk - 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.

Price risk - The group is exposed to price risk. The group seeks to actively manage its price risk as an integral part of its contract negotiations.

Contract risk - The group enters into contracts to perform services over an extended period of time. Most of the contracts can be terminated either immediately or after a specified period following notice. These contracts typically require the client to pay any fees earned to date, the fees and expenses to wind down the contract and in some cases, a termination fee or some portion of the fees or profit that the group could have earned under the contract if it had not been terminated early.

PPD Global Ltd

Directors' report (continued)

Financial risk management objectives and policies (continued)

Scientists and other technical professionals - The group's ability to maintain, expand or renew existing business with clients and to get business from new clients depends on our ability to hire and retain scientists with the skills necessary to keep pace with continuing changes in drug discovery and development technologies. The group seeks to mitigate the risk of staff turnover by continually reviewing its reward package which includes assistance for continuing professional development.

Post balance events
There are no such events.

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

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Grant Thornton LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Future developments
Details of future developments can be found in the Strategic Report on pages 4 and 5 and form part of this report by cross-reference.

Approved for issue by the board of directors and signed on its behalf by:

Roger Newbery

R S Newbery
Director

Date: 4 August 2021

Julia James

J M James
Director

Date: 4 August 2021

Registered Office:
Granta Park
Great Abington
Cambridge
CB21 6GQ

PPD Global Ltd

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland" and applicable laws). 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 group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of PPD Global Ltd

Opinion

We have audited the financial statements of PPD Global Ltd (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise of Consolidated Profit and Loss account and Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash flow Statement 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 Financial Reporting Standard 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 group's and of the company's affairs as at 31 December 2020 and of the group's 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 group and 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.

Other matter

The financial statements of the group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 2 July 2020.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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

Independent auditor's report to the members of PPD Global Ltd (continued)

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and 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.

Matters on which we are required to report by exception

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 by the company, 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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 group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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.

Independent auditor's report to the members of PPD Global Ltd (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and industry in which they operate. We determined that the following laws and regulations were most significant: UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, Companies Act 2006 and UK tax compliance regulations which is the principal jurisdiction in which the group operates.
- We enquired of management to obtain an understanding of how the Group is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes and other audit evidence. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud. We review for any non-compliance with FCA rules to identify if there are any matters on which we would be required to issue a statutory duty to report.
- We assessed the susceptibility of the company's and group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

o Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
o challenging assumptions and judgements made by management in its significant accounting estimates;
o identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
o assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
  - knowledge of the industry in which the client operates.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Philip Sayers
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
5 August 2021

PPD Global Ltd

Consolidated profit and loss account for the year ended 31 December 2020

	Note	Years ended 31 December 2020 £'000	2019 (as restated – note 22) £'000
Turnover	3, 22	**1,236,267**	1,088,402
Cost of sales	22	**(864,870)**	(755,209)
Gross profit		**371,397**	333,193
Administrative expenses		**(94,430)**	(85,108)
Operating profit		**276,967**	248,085
Interest receivable and other similar income	4	**1,694**	4,659
Interest payable and other similar expenses	5	**(3,864)**	(3,854)
Financing income in relation to pension liability	21	**35**	104
Profit before taxation	6	**274,832**	248,994
Tax on profit	9	**(31,080)**	(26,758)
Profit for the financial year		**243,752**	222,236

The above results all relate to continuing operations.

Consolidated statement of comprehensive income for the year ended 31 December 2020

		Years ended 31 December 2020 £'000	2019 £'000
Profit for the financial year		**243,752**	222,236
Exchange difference on translating the net assets of foreign operations		**92**	75
Actuarial loss recognised in respect of the pension scheme	21	**(2,663)**	(1,998)
Movement on deferred tax relating to actuarial gain	18	**506**	322
Total comprehensive income for the year		**241,687**	220,635

Profit, and comprehensive income attributable to non-controlling interest is £nil (2019: £nil).

PPD Global Ltd

Consolidated balance sheet as at 31 December 2020

	Note	As at 31 December 2020 £'000	2019 £'000
Fixed assets			
Intangible assets	12	-	6,050
Tangible assets	13	**8,512**	8,712
Investments	14	**1**	1
		8,513	14,763
Current assets			
Debtors due within 1 year	15	**991,703**	743,546
Debtors due after more than 1 year	16	**941**	17,073
Cash at bank and in hand		**129,474**	72,836
		1,122,118	833,455
Creditors: amounts falling due within one year	17	**(760,029)**	(654,763)
Net current assets		**362,089**	178,692
Total assets less current liabilities		**370,602**	193,455
Deferred tax liabilities	18	**(405)**	(359)
Deferred income	19	**(1,212)**	(1,378)
Net assets		**368,985**	191,718
Capital and reserves			
Called up share capital	20	**10,526**	10,526
Retained earnings	20	**358,459**	181,192
Total equity		**368,985**	191,718

The notes on pages 19 to 44 are an integral part of these financial statements.

The consolidated financial statements of PPD Global Ltd, registered number 1564604, were approved by the board of directors and were signed on its behalf by:

Roger Newbery

R S Newbery
Director
Date: 4 August 2021

Julia James

J M James
Director
Date: 4 August 2021

PPD Global Ltd

Company balance sheet as at 31 December 2020

	Note	As at 31 December 2020 £'000	2019 £'000
Fixed assets			
Intangible assets	12	-	6,050
Tangible assets	13	**8,512**	8,712
Investments	14	**1**	1
		8,513	14,763
Current assets			
Debtors due within 1 year	15	**991,703**	743,557
Debtors due after more than 1 year	16	**941**	17,073
Cash at bank and in hand		**129,474**	72,836
		1,122,118	833,466
Creditors: amounts falling due within one year	17	**(760,007)**	(654,758)
Net current assets		**362,111**	178,708
Total assets less current liabilities		**370,624**	193,471
Deferred tax liabilities	18	**(405)**	(359)
Deferred income	19	**(1,212)**	(1,378)
Net assets		**369,007**	191,734
Capital and reserves			
Called up share capital	20	**10,526**	10,526
Retained earnings	20	**358,481**	181,208
Total equity		**369,007**	191,734

The profit for the financial year dealt within the financial statements of the parent company was £244 million (2019: £222 million). The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

The notes on pages 19 to 44 are an integral part of these financial statements.

The company financial statements of PPD Global Ltd, registered number 1564604, were approved by the board of directors and were signed on its behalf by:

Roger Newbery

R S Newbery
Director
Date: 4 August 2021

Julia James

J M James
Director
Date: 4 August 2021

PPD Global Ltd

Consolidated statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2019	10,526	238,153	248,679
Profit for the year	-	222,236	222,236
Exchange difference on translating the net assets of foreign operations	-	75	75
Actuarial loss on pension scheme (see note 21)	-	(1,998)	(1,998)
Movement on deferred tax relating to actuarial loss on pension scheme (see note 18)	-	322	322
Total comprehensive income	-	220,635	220,635
Credit to equity for share based payments (see note 11)	-	1,462	1,462
Dividends paid (see note 10)	-	(279,058)	(279,058)
At 1 January 2020	10,526	181,192	191,718
Profit for the year	-	243,752	243,752
Exchange difference on translating the net assets of foreign operations	-	92	92
Actuarial loss on pension scheme (see note 21)	-	(2,663)	(2,663)
Movement on deferred tax relating to actuarial loss on pension scheme (see note 18)	-	506	506
Total comprehensive income	-	241,687	241,687
Credit to equity for share based payments (see note 11)	-	1,098	1,098
Dividends paid (see note 10)	-	(65,518)	(65,518)
At 31 December 2020	**10,526**	**358,459**	**368,985**

PPD Global Ltd

Company statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2019	10,526	238,168	248,694
Profit for the year	-	222,237	222,237
Exchange difference on translating the net assets of foreign operations	-	75	75
Actuarial loss on pension scheme (see note 21)	-	(1,998)	(1,998)
Movement on deferred tax relating to actuarial loss on pension scheme (see note 18)	-	322	322
Total comprehensive income	-	220,636	220,636
Credit to equity for share based payments (see note 11)	-	1,462	1,462
Dividends paid (see note 10)	-	(279,058)	(279,058)
At 1 January 2020	10,526	181,208	191,734
Profit for the year	-	243,758	243,758
Exchange difference on translating the net assets of foreign operations	-	92	92
Actuarial loss on pension scheme (see note 21)	-	(2,663)	(2,663)
Movement on deferred tax relating to actuarial loss on pension scheme (see note 18)	-	506	506
Total comprehensive income	-	241,693	241,693
Credit to equity for share based payments (see note 11)	-	1,098	1,098
Dividends paid (see note 10)	-	(65,518)	(65,518)
At 31 December 2020	**10,526**	**358,481**	**369,007**

Consolidated cash flow statement for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	2019 £'000
Net cash flow from operating activities	23	**137,386**	311,679
Cash flows used in investing activities			
Purchase of tangible fixed assets		**(2,168)**	(1,462)
Interest received		**710**	2,242
Net cash flows used in investing activities		**(1,458)**	780
Cash flows used in financing activities			
Dividends paid		**(65,518)**	(279,058)
Repayments of obligations under finance lease		**(66)**	(66)
Net cash flows used in financing activities		**(65,584)**	(279,124)
Net increase in cash and cash equivalents		**70,344**	33,335
Cash and cash equivalents at the beginning of year		**72,836**	52,229
Effect of foreign exchange rate changes		**(13,706)**	(12,728)
Cash and cash equivalents at end of year		**129,474**	72,836
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		**129,474**	72,836

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

GENERAL INFORMATION AND BASIS OF ACCOUNTING
PPD Global Ltd (the "company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 5. The company and it's subsidiaries is together called the "Group" in these financial statements. The nature of the group's operations and its principal activities are set out in the strategic report on pages 1 to 5.

The financial statements of the group and the company have been prepared on a going concern basis under the historical cost convention (unless stated otherwise) and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Companies Act 2006.

The functional currency of PPD Global Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. The amounts in the financial statements are presented in thousands. Foreign operations are included in accordance with the policies set out below.

The preparation of the financial statements require the use of certain critical accounting judgments and significant estimates. These are continuously evaluated based on historical experience and other factors. Please refer to note 2 for further details.

PPD Global Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate parent financial statements, on the grounds consolidated financial statements are prepared by PPD, Inc. (formerly Eagle Holding Company I, LLC), which incorporate these disclosures and are publicly available. Disclosure exemptions have been taken for share-based payments, financial instruments, and key management personnel compensation.

BASIS OF CONSOLIDATION
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

GOING CONCERN
The financial position of the group, its profit and loss account and balance sheet are shown on pages 13 and 14. Further, the balance sheet of the Company is shown on pages 16. In making the going concern assessment, the directors have prepared forecasts and projections of expected business levels and cash flows for a period of one year from the date of approval of these financial statements, incorporating consideration of the principal risk and uncertainties arising from COVID-19. We do not yet know the full extent of the impacts of the COVID-19 pandemic on our business, financial condition, results of operations or the global economy, as the ultimate impact of the pandemic is highly uncertain and subject to change. However, the directors are of the opinion that based on the measures we have taken and the strong financial position of the group and company, which includes a year-end cash balance of £129m (2019: £73m), that there will be no adverse impact on the going concern status of the company.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being at least the forthcoming 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements and believe that the group is well placed to manage its business risks successfully.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies (continued)

TURNOVER AND REVENUE RECOGNITION
Revenue (turnover) is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, Turnover excludes trade and volume discounts, value added tax and other sales related taxes and represents the value of work performed during the year when the outcome of the contract can be estimated reliably. The Company recognises revenue and costs associated with contracts as revenue and cost of sales respectively by reference to the stage of completion of the contract activity at the end of the reporting period for each study.

The group enters into contracts to perform services over an extended period of time. Most of the contracts can be terminated either immediately or after a specified period following notice. These contracts typically require the client to pay any fees earned to date, the fees and expenses to wind down the contract and in some cases, a termination fee or some portion of the fees or profit that the group could have earned under the contract if it had not been terminated early.

Estimates of total contract revenues are reviewed periodically and the effects of changes are recognised in the period in which they occur.

RESEARCH AND DEVELOPMENT COSTS
The group incurs research and development expenditure on behalf of its clients and this is written off as incurred. The group does not expect any additional future economic benefits as a result of the expenditure.

CONTRACTS
Amounts receivable on contracts:
Amounts recoverable on contracts, which are included in debtors due within one year, are stated at the net sales value of the work done less amounts received as progress payments on account.

Payments on account of contracts:
Payments on account of contracts represent billings for services not yet rendered and are included under creditors due within one year. Excess progress payments are included in creditors as advanced billings.

Cumulative costs and future losses:
Cumulative costs incurred are transferred to cost of sales or provisions as appropriate and anticipated future losses on contracts are fully provided for. All known or anticipated losses are provided for in full as soon as they are foreseen.

TANGIBLE FIXED ASSETS
Tangible fixed assets are stated at cost, net of cumulative depreciation and any cumulative provision for impairment. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned as follows:

Freehold property	40 years
Leasehold improvements	Shorter of lease or 10 years
Software	3 years
Furniture	10 years
Equipment	5 years
Vehicles	4 years
Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies (continued)

TAXATION
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided on an undiscounted basis, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

FOREIGN CURRENCIES
Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end.

The results of the Austrian, Portuguese, New Zealand, Greek, Kenyan, Israeli, Ghanaian, and Turkish branches are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Foreign exchange gains/losses on these branches are recognised through the statement of comprehensive income.

INVESTMENTS
Investments in subsidiary undertakings are stated on the balance sheet at cost of each investment less any permanent impairment in value.

Investments in subsidiary undertakings are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies (continued)

INTANGIBLE ASSETS

Definite-lived intangible assets consist of backlog which relates to the unearned revenue on existing contracts acquired from PPD Development (S) Pte. Ltd, and PPD Development, L.P., fellow group companies. The group amortizes backlog using the straight-line method over their estimated useful lives of between 22 and 33 months. The group reviews definite-lived intangible assets for impairment when circumstances indicate that the carrying amount of assets might not be recoverable. This evaluation involves various analyses, including undiscounted cash flow projections. In the event undiscounted cash flow projections or other analyses indicate that the carrying amount of the intangible asset is not likely to be recovered, the group records an impairment charge reducing the carrying value of the intangible asset to its estimated fair value. The group estimates fair value based on generally accepted valuation techniques, including cost and income approaches. These approaches may include a discounted cash flow income model or other generally accepted approaches. The new fair value of the intangible asset is amortized over the remaining useful life.

PENSION COSTS

The group provides pensions to certain employees through a defined benefit pension scheme. It is the general policy of the group to provide for and fund pension liabilities on a going concern basis, on the advice of the scheme's actuaries, by payments to an independent trust.

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. The pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The group also operates defined contribution pension schemes for certain other employees in the UK and Israel branch. For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies (continued)

LEASES
At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while 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 the capital repayments outstanding.

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.

GOVERNMENT GRANTS
Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. In 2007 the company received a grant from the Scottish Executive in relation to the construction of freehold premises in Bellshill, Scotland. The grant is being amortised to the profit and loss account over the useful economic life of the building of 40 years.

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 (non-market based), the fair value is measured by using Black-Scholes option pricing model. The Group has no cash-settled arrangements.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements and estimates.. 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.

a. Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition
The recognition of revenue is a critical accounting judgement for the company. The group enters into contracts to perform services over an extended period of time. Most of the contracts can be terminated either immediately or after a specified period following notice. These contracts typically require the client to pay any fees earned to date, the fees and expenses to wind down the contract and in some cases, a termination fee or some portion of the fees or profit that the group could have earned under the contract if it had not been terminated early.

Estimates of total contract revenues are reviewed periodically and the effects of changes are recognised in the period in which they occur. All known or anticipated losses are provided for in full as soon as they are foreseen.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue recognition (continued)
Given the service nature of the group's contracts, the group believes that direct costs incurred reflect the hours incurred with hours representing the output of contracts. Thus, to measure performance under the proportional performance method, the group compares direct costs incurred through a specified date to estimated total direct costs to complete the contract. Direct costs consist primarily of the amount of direct labor and certain overhead costs for the delivery of services. The group reviews and revises estimated total direct costs throughout the life of the contract, and records adjustments to service revenue ("Direct revenue") resulting from such revisions in the period in which the change in estimate is determined. This methodology is consistent with the manner in which the customer receives the benefit of the work performed and is consistent with the group's contract termination provisions.

Expenses incurred in performance of a contract are billed to customer without mark-up and the group recognizes associated revenue ("Indirect revenue") as these expenses are incurred.

Agent and principal
The group is required to consider whether it acts as an agent on behalf of it's customers, without risk or reward to the group, or as a principal in its sales to customers. It makes this determination based on whether (a) it has the primary responsibility for providing the service to the customer; (b) it bears inventory risk; (c) it has latitude in establishing prices and (d) it bears the customer credit risk for the amount receivable from the customer.

In the Directors' judgement the group meets all the risk and reward criteria as principal under its contractual relationships with its customers and these risks and rewards are not transferred to subcontractors that it contracts with to deliver some of the services.

b. Key accounting estimates and assumption

Fair value of intangible assets
The group has purchased, at fair value, the right to future revenue from contracts with customers ("backlog") from fellow subsidiaries of the ultimate parent company and carries these assets initially at cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

In the absence of quoted prices or other observable market-corroborated data, the group uses internal valuation models to estimate the fair value of purchased backlog. Changes in the assumptions for example changes in the cancellation rates of contacts, used in these models could have a material impact on the carrying amounts of these assets.

The group has determined useful lives for its backlog assets as set out in note 12, based on the expected rate of conversion of backlog to revenue, discounted at an appropriate rate to take account of the timing of the cashflows. This expectation considers the contract lives and historic profiling. The group amortises backlog over its useful life and if this estimation does not match the actual rate of conversion to revenue then profits could be increased or reduced accordingly.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

3 Turnover

Turnover relates to one class of business, the provision of advisory, research and consultancy services to the pharmaceutical and biotechnology industries and is analysed by geographical destination as follows:

	2020 £'000	2019 (as restated – note 22) £'000
Europe	**235,422**	170,439
United States of America	**899,339**	824,955
Far East	**70,979**	60,414
Other	**30,527**	32,594
	1,236,267	1,088,402

An analysis of the group's turnover is as follows:

	2020 £'000	2019 (as restated – note 22) £'000
Rendering of services – Direct	**940,736**	848,558
Rendering of services – Indirect	**295,531**	239,844
	1,236,267	1,088,402

4 Interest receivable and other similar income

	2020 £'000	2019 £'000
On loans to fellow group undertakings	**984**	2,417
On bank balances	**710**	2,242
	1,694	4,659

5 Interest payable and other similar expenses

	2020 £'000	2019 £'000
On loans from fellow group undertakings	**3,595**	3,730
On bank balances	**269**	124
	3,864	3,854

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

6 Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Amortisation of owned intangible assets	**6,050**	15,643
Depreciation of owned tangible fixed assets	**1,886**	1,769
Depreciation of leased tangible fixed assets	**23**	23
Loss on disposal of tangible fixed assets	**14**	6
Hire of plant and machinery - operating lease rentals	**1,041**	1,042
Hire of other assets - operating lease rentals	**3,568**	3,728
Government grant income	**(43)**	(43)
Fees payable to the company's auditor for the audit of the group and company's annual accounts	**140**	160
Exchange loss	**38,099**	11,344

Amortisation of intangible assets is included in administrative expenses.

7 Directors' emoluments

Directors' remuneration

The directors received the following emoluments:

	2020 £'000	2019 £'000
Aggregate emoluments		
Emoluments and benefits	**1,252**	885
Company contributions to money purchase pension schemes	**41**	56
	1,293	941

There are three directors (2019: three) to whom benefits are accruing in respect of money purchase pension schemes. No directors (2019: none) exercised share options in the ultimate parent company during the year.

Remuneration of the highest paid director:

	2020 £'000	2019 £'000
Aggregate emoluments		
Emoluments and benefits	**374**	307
Company contributions to money purchase pension schemes	**15**	19
	389	326

The highest paid director did not exercise any share options in the ultimate parent company during the year or preceding year.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

8 Employee information

The average monthly number of persons (including executive directors) employed by the group and company during the year was as follows:

	2020 Number	2019 Number
By activity		
Scientific operations	**1,397**	1,380
Administration	**253**	242
	1,650	1,622

	2020 £'000	2019 £'000
Staff costs		
Wages and salaries	**89,915**	86,093
Social security costs	**10,383**	9,126
Other pension costs (see note 21)		
Defined contribution scheme	**7,097**	5,041
Equity-settled share based payments (see note 11)		
Incentive schemes (Equity Compensation Plan)	**1,098**	1,462
	108,493	101,722

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

9 Tax on profit

(a) Analysis of charge in year

	2020 £'000	2019 £'000
Current tax		
- UK Corporation Tax on profits for the year	**35,682**	29,259
- UK Corporation Tax on profits for previous periods	**(5,783)**	(3,495)
- Overseas tax	**629**	590
Total current tax	**30,528**	26,354
Total deferred tax	**552**	404
Total tax on profit	**31,080**	26,758

(b) Total tax

The tax assessed for the year to 31 December 2020 is lower than the average rate of corporation tax in the UK of 19% (2019: 19%) due to the following:

	2020 £'000	2019 £'000
Profit before tax	**274,832**	248,994
Multiplied by 19% (2019: 19%)	**52,218**	47,309
Effects of:		
Expenses not deductible for tax purposes	**56**	63
Transfer pricing adjustment	**763**	757
Group relief received for nil payment	**(15,516)**	(17,757)
Adjustment to tax in respect of prior periods	**(6,598)**	(3,786)
Rate and exchange differences	**(52)**	(106)
Deferred tax not recognized	**209**	278
Overseas profits taxed at a higher rate		-
Total tax (9a)	**31,080**	26,758

(c) Future tax charge

During the year beginning 1 January 2021, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £63,000. This is due to depreciation exceeding capital allowances and payment of accrued invoices.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2020

9 Tax on profit (continued)

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantially enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2021 the Chancellor announced that the corporate tax rate would increase to 25% from 1 April 2023. At the balance sheet date this was not yet substantially enacted.

(d) Branch profits

The company paid tax in the overseas locations of its branches, based on branch profits at the following rates during the year ended 31 December 2019:

Portugal	22.5% (2019: 21%)
New Zealand	28% (2019: 28%)
Greece	24% (2019: 28%)
Israel	23% (2019: 23%)
Turkey	22% (2019: 22%)
Kenya	37.5% (2019: 37.5%)
Ghana	25% (2019: 25%)
Austria	25% (2019: 25%)

10 Dividends

On 18 September 2020 the company paid an interim dividend of £65,518,020. Total dividends paid in 2020 was £65,518,020 (2019: £279,058,538).

The directors do not recommend the payment of a final dividend for 2020 (2019: nil).

11 Share based payments

In February 2020, the company's parent group adopted the 2020 Incentive Plan in connection with the company's parent groups initial public offering ("IPO"). Under the 2020 Incentive Plan, the company can issue stock options, restricted stock units ("RSUs"), performance stock units ("PSUs") and other stock-based awards to employees, directors and consultants of the company. The company reserved 39.1 million shares of common stock for issuance of stock-based awards under the 2020 Incentive Plan. The 2020 Incentive Plan is administered by the board of directors of the company. Awards forfeited or expired remain available for future issuance under the 2020 Incentive Plan. As of December 31, 2020, there were 37.7 million shares of common stock available for issuance under the 2020 Incentive Plan.

Stock options granted under the 2020 Incentive Plan may not have a term that exceeds ten years from the date of grant. The exercise price of stock issued under the 2020 Incentive Plan may not be less than the fair market value of the company's common stock on the date of grant. The fair value of all stock-based awards issued under the 2020 Incentive Plan are expensed on a straight-line basis over the requisite service period, which is equal to the vesting period. Stock options and RSUs generally vest over a four-year period at a rate of 25% per year. PSUs generally vest over a three-year period with cliff vesting at the end of the period subject to the actual or expected achievement of performance factors for the vesting period. Compensation expense recorded for PSUs is based on the amount of awards expected to vest based on expected achievement of performance factors, which are re-assessed at each reporting period.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2020

11 Share based payments (continued)

Prior to the adoption of the 2020 Incentive Plan, all awards were granted under the 2017 Eagle I Incentive Plan and any awards previously granted under the 2017 Eagle I Incentive Plan remain subject to the terms of the 2017 Eagle I Incentive Plan and the applicable award agreements. No additional award grants are expected to be made under the 2017 Eagle I Incentive Plan.

Outstanding awards under the 2017 Eagle I Incentive Plan primarily consist of stock options to employees. For stock options that have time-based vesting, expense is recognized consistent with the 2020 Incentive Plan. For stock options that also have performance-based vesting, the performance options are eligible to vest at a rate of up to 20% per year (a "Tranche") subject to the actual or expected achievement of performance targets for such years. The company recognizes stock-based compensation expense for the performance stock options on a straight-line basis over the period from the grant date through the end of the respective Tranche year, treating all Tranche as if they are each separate awards. Additionally, the performance stock options have a catch-up provision, which allows options that did not meet the performance targets in the prior year to vest in a subsequent year. The expense related to this catch-up is recorded in the period the catch-up occurs.

Details of the share options outstanding during the year for the 2020 Incentive Plan (2019: Eagle I plan) in respect of employees of the company are as follows:

	2020		2019	
	No of share options	**Weighted average exercise price USD**	No of share options	Weighted average exercise price USD
Outstanding at the beginning of the year	**586,212**	**25.64**	660,126	27.29
Granted during the year	**547,968**	**27.31**	58,658	33.95
Exercised during the year	**(84,187)**	**14.74**	-	-
Forfeited during the year	**(27,248)**	**12.77**	(84,608)	23.56
Expired during the year	**-**	**-**	(47,964)	27.10
Cancelled during the year	**-**	**-**	-	-
Outstanding at the end of the year	**1,022,745**	**14.80**	586,212	25.64
Exercisable at the end of the year	**593,582**	**13.99**	586,212	25.64

The options outstanding at 31 December 2020 had a weighted average share price at the date of exercise of $13.99 and a weighted average remaining contractual life of 6 years. The aggregate of the estimated fair values of the options granted during 2020 was £625,416 (2019: £420,935).

The share based compensation charge for the year is £1,097,739 (2019: £1,462,204).

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

12 Intangible assets

Group and company	**£'000**
Cost	
At 1 January 2020 and 31 December 2020	60,939
Amortization	
At 1 January 2020	54,889
Charge for the year	6,050
At 31 December 2020	60,939
Net book value	
At 31 December 2020	-
At 31 December 2019	6,050

The group acquired the unearned revenue on existing contracts from PPD Development (S) Pte. Ltd, a fellow group company in 2017 which was fully amortised during the year ended 31 December 2019.

The group acquired the unearned revenue on existing contracts from PPD Development, L.P., a fellow group company in 2018 for £18,148,000. The carrying amount at the beginning of the year was fully amortised during the year ended 31 December 2020 (31 December 2019: £6,050,000).

Amortisation of intangible assets is recognised in administrative expenses.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

13 Tangible fixed assets

Group and company	Freehold property £'000	Leasehold improvements £'000	Software £'000	Furniture, computer equipment, equipment and vehicles £'000	Total £'000
Cost					
At 1 January 2020	8,394	6,650	5,772	4,486	25,302
Exchange adjustment	-	98	(3)	16	111
Additions	-	206	1	1,961	2,168
Disposals	(61)	(1)	(3,642)	(889)	(4,593)
At 31 December 2020	8,333	6,953	2,128	5,574	22,988
Depreciation					
At 1 January 2020	2,630	5,560	5,666	2,734	16,590
Exchange adjustment	-	71	(6)	14	79
Charge for year	199	514	87	1,108	1,908
Disposals	-	(1)	(3,642)	(458)	(4,101)
At 31 December 2020	2,829	6,144	2,105	3,398	14,476
Net book value at 31 December 2020	**5,504**	**809**	**23**	**2,176**	**8,512**
Net book value at 31 December 2019	5,764	1,090	106	1,752	8,712

Included within the freehold property is land at cost of £350,000 (2019: £350,000) which is not depreciated. The directors believe that the market value of the land is in line with the carrying value.

The group has leased equipment which are considered to meet the definition of finance leases and are accounted for accordingly. Included within Furniture, computer equipment, equipment and vehicles are assets held under finance leases at a cost of £87,000 (2019: £87,000). The net carrying amount at the end of the reporting period for assets held under finance leases was £8,000 (2019: £31,000).

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

14 Investments

Group and company	**£'000**
Cost and net book value of group's investment equity shares	
At 1 January 2020 and 31 December 2020	1

Investments in group undertakings:

Interests in group undertakings at 31 December 2020 are as follows:

Name of undertaking	Description of shares held	% held	Registered address
PPD Slovak Republic s.r.o (incorporated in Slovak Republic)	Ordinary	15%	Bratislavská cesta 100/D 931 01 Šamorín Slovak Republic
PPD Global Central Labs BVBA (incorporated in Belgium)	Ordinary	0.1%	Kleine Kloosterstraat 19 1932 Sint – Stevens - Woluwe Belgium
PPD Pharmaceutical Development India Private Limited (incorporated in India)	Ordinary	0.01%	Office 101, A-Wing, Fulcrum, Hiranandani Business Park, Sahar Road, Andheri (East), Mumbai-400099, Maharashtra, India

The group held 50% of the holding in Cambridge Applied Nutrition Toxicology and Biosciences Limited as at 1 Jan 2020. This entity was dissolved on 20 October 2020. The dissolution did not result in any gain or loss to the group.

Investments in subsidiaries:

The parent company and the group have an investment in the following subsidiary undertakings that have been consolidated into the group:

Name of undertaking	Description of shares held	% held	Registered address
Clinical Technology Centre (International) Limited (incorporated in the United Kingdom)	Ordinary	99%	Granta Park Great Abington Cambridge CB21 6GQ

The group held 100% of the holding in Clinical Science Research International Limited as at 1 Jan 2020. This entity was dissolved on 20 October 2020. The dissolution did not result any gain or loss to the group.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2020

15 Debtors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade debtors	**95,861**	68,090	**95,861**	68,090
Amounts recoverable on contracts (see below)	**578,468**	309,784	**578,468**	309,784
Amounts due from group undertakings (see below)	**275,541**	335,728	**275,541**	335,739
UK Corporation tax receivable	**20,782**	7,113	**20,782**	7,113
Research and development expenditure credit receivable	**16,301**	16,064	**16,301**	16,064
Other debtors	**2,519**	1,634	**2,519**	1,634
Overseas tax recoverable	**-**	471	**-**	471
Prepayments and accrued income	**2,231**	3,029	**2,231**	3,029
Defined benefit pension scheme surplus (see note 21)	**-**	1,633	**-**	1,633
	991,703	743,546	**991,703**	743,557

At 31 December 2020 £305,894,000 of the amounts recoverable on contracts in the table above were related to direct revenue and £272,574,000 were related to indirect revenue.

At 31 December 2020 £250,724,000 (2019: £305,269,000) of the amounts due from group undertakings in the table above are unsecured, interest free, and repayable on demand. The remaining £24,817,000 (2019: £30,459,000) is also unsecured and is repayable on demand with interest charged on the outstanding principal at a variable rate. During 2020 the interest rate varied between 1% and 10%. The interest charged is repayable on demand.

16 Debtors: amounts falling due after more than one year

Group and company	**2020**	2019
	£'000	£'000
Long term rental deposit	**432**	432
Other debtors	**509**	43
Research and development expenditure credit receivable	**-**	16,598
	941	17,073

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

17 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade creditors	**14,100**	9,247	**14,100**	9,247
Payables to investigators	**128,360**	103,565	**128,360**	103,565
Payments on account of contracts (see below)	**370,191**	352,545	**370,191**	352,545
Amounts due to group undertakings (see below)	**222,346**	163,876	**222,332**	163,873
Taxation and social security	**651**	1,259	**651**	1,259
Overseas taxation payable	**61**	21	**61**	21
Obligations under finance leases	**18**	23	**18**	23
Accruals and deferred income	**23,307**	24,227	**23,299**	24,225
Defined benefit pension scheme deficit (see note 21)	**995**	-	**995**	-
	760,029	654,763	**760,007**	654,758

At 31 December 2020 £286,875,000 of the payments on account of contracts in the table above were related to direct revenue and £83,316,000 were related to indirect revenue. Payments on account of contracts includes both contract liabilities and advances received.

At 31 December 2020 £114,382,000 (2019: £104,362,000) of the amounts due to group undertakings are unsecured and repayable on demand with interest charged on the outstanding principal at a variable rate. During 2020 and 2019 the interest rate varied between 1% and 5%. At 31 December 2020 £107,964,000 (2019: £59,514,000) of the amounts due to group undertakings are unsecured, interest free and repayable on demand.

18 Deferred tax liabilities

Group and company	**2020**
	£'000
Liability at 1 January 2020	**(359)**
Origination and reversal of timing differences	**(1,628)**
Adjustment in respect of prior years	**1,024**
Rate change adjustment to deferred tax to 19% (2019: 17%)	**57**
Exchange adjustment	**(5)**
OCI movement	**506**
Liability at 31 December 2020	**(405)**

The company has opted not to discount the value of deferred tax assets and liabilities.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

18 Deferred tax liabilities (continued)

Amounts provided:

	2020 £'000	2019 £'000
Accelerated capital allowances	**(980)**	(798)
Short term timing differences	**97**	248
Long term timing differences	**-**	142
Unrelieved foreign tax	**289**	327
Defined benefit pension scheme	**189**	(278)
As at 31 December	**(405)**	(359)

Amounts not provided:

	2020 £'000	2019 £'000
Long term timing differences	**753**	491
Capital losses	**387**	346
As at 31 December	**1,140**	837

The unrecognised deferred tax asset in respect of long term timing differences relates to the deferred tax asset arising on share options in excess of what can be recognised as a result of the accounting share option charge.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Total deferred tax:

	2020 £'000	2019 £'000
Accelerated capital allowances	**(980)**	(798)
Short term timing differences	**97**	248
Long term timing differences	**753**	491
Tax losses	**387**	346
Pension spreading	**-**	142
Defined benefit pension scheme	**189**	(278)
Unrelieved foreign tax	**289**	327
	735	478

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2020

19 Deferred income

Group and company	2020 £'000	2019 £'000
Deferred grant income (see below)	**1,098**	1,140
Deferred rental income	**114**	238
	1,212	1,378

In 2007 the company received a grant from the Scottish Executive in relation to the construction of freehold premises in Bellshill, Scotland. The grant is being amortised to the profit and loss account over the useful economic life of the building of 40 years.

20 Called up share capital and reserves

	2020 £000	2019 £'000
Allotted, called up and fully paid		
10,526,336 ordinary shares of £1 each	**10,526**	10,526

The company has one class of ordinary shares which carry no right to fixed income.

The group and company's other reserve is as follows:

Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

21 Pensions

During the year the group operated a defined benefit pension scheme within PPD Global Ltd Retirements Benefits Scheme ('the Scheme'), with assets held in a separately administered fund. In addition, certain employees participated in defined contribution pension schemes in the UK and Israel.

Defined Benefit Scheme
The group made a lump sum payment to the Scheme in 2021 of £2,800,000 (2019: £nil) as part of the agreed plan to fund the scheme's deficit (2019: £nil). Additional lump sum payments are scheduled to be made in the subsequent years (£2,900,000 in 2022 and then £1,900,000 in each of 2023 to 2026 inclusive).

COVID-19 has had a significant impact on the values and volatility of global equity and bond markets. These movements could have a material effect on the pension assets and liabilities. Although the extent of these impacts are subject to a high degree of uncertainty, the directors do not expect there to be any permanent material decline in the balance sheet position.

A full actuarial valuation was carried out as at 5 April 2020 and updated to 31 December 2020 by a qualified independent actuary. Such full valuations take place every three years. The major assumptions used by the actuary to determine defined benefit obligation were:

	2020	2019	2018
Rate of increase in salaries	**3.7%**	3.6%	3.7%
Rate of increase in pensions in payment	**2.8%**	2.7%	3.0%
Rate of increase of pensions in deferment	**2.8%**	2.7%	3.0%
Discount rate	**1.5%**	2.1%	3.0%
Inflation assumption	**2.9%**	2.8%	3.2%

The mortality assumptions were:

	2020	2019
Pensioners	PA92 (year of birth) medium cohort with a 1% minimum improvement per annum	PA92 (year of birth) medium cohort with a 1% minimum improvement per annum
Non-pensioners	PA92 (year of birth) medium cohort with a 6% minimum improvement per annum	PA92 (year of birth) medium cohort with a 1% minimum improvement per annum

The fair value of the assets in the scheme were:

		2020 £'000		2019 £'000		2018 £'000
Bonds	**36.1%**	**29,731**	20.5%	15,199	31.8%	21,383
Cash	**0.1%**	**106**	0.2%	147	0.1%	80
Diversified growth funds	**63.8%**	**52,699**	79.3%	58,687	68.1%	45,688
Total market value of assets		**82,536**		74,033		67,151
Actuarial value of liability		**(83,531)**		(72,400)		(63,624)
(Deficit)/Surplus in the scheme		**(995)**		1,633		3,527

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

21 Pensions (continued)

The Trustees' investment manager has appointed Citibank, Euroclear and HSBC Global Investor Services as custodians of the Scheme's assets. The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with the common practice for pension scheme investments.

PFT Limited has been appointed by the Trustees of the scheme as custodian of the cash held in connection with the administration of the scheme. The Trustees of the scheme are responsible for ensuring the Scheme's assets continue to be securely held.

Analysis of the amount charged to net finance charges

	2020 £'000	2019 £'000
Net interest (credit)	**(35)**	(104)

Analysis of the actuarial (loss)/gain recognized in the statement of comprehensive income

	2020 £'000	2019 £'000
Actual return less expected return on assets	**8,300**	6,860
Changes in assumptions over obligation	**(10,963)**	(8,858)
Net actuarial loss recognised	**(2,663)**	(1,998)
Cumulative amount of actuarial loss recognised	**(16,570)**	(13,907)

Movements in the present value of defined benefit obligations

	2020 £'000	2019 £'000
Benefit obligation at beginning of year	**72,400**	63,624
Interest cost	**1,506**	1,848
Effect of changes in assumptions	**10,963**	8,858
Benefits paid	**(1,338)**	(1,930)
Benefit obligation at end of year	**83,531**	72,400

The liabilities of the scheme result wholly from obligations to provide pensions and related benefits to employees and former employees. The liabilities of the scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit credit method. Estimated future cash flows are discounted at the current rate of return on high quality corporate bonds of an equivalent term to the liability. Actuarial gains and losses are recognised in full in the year in which they occur in the statement of comprehensive income.

21 Pensions (continued)

Change in plan assets

	2020 £'000	2019 £'000
Fair value of plan assets at beginning of year	**74,033**	67,151
Actual return on plan assets	**8,300**	6,860
Interest income	**1,541**	1,952
Employer contributions	-	-
Benefits paid from plan	**(1,338)**	(1,930)
Fair value of plan assets at end of year	**82,536**	74,033

Amounts recognized in the balance sheet

	2020 £'000	2019 £'000
Fair value of plan assets	**82,536**	74,033
Present value of funded obligations	**(83,531)**	(72,400)
(Deficit)/surplus for funded plans	**(995)**	1,633

The actuarial valuation showed a deficit of £995,000 as at 31 December 2020 compared to surplus of £1,663,000 as at 31 December 2019.The Scheme was closed to new members with effect from December 2002 and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

On 31 December 2009 the Scheme was also closed to existing members and ceased to accept contributions from them. Following the closure, no further contributions based on pensionable salary will be payable by the company going forward. The company will, however, continue to make contributions in respect of the funding plan.

Governance and risk management
The Trustees of the Scheme have in place a business plan which sets out their objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the scheme efficiently.

Expected rate of return on scheme assets
The expected rate of return on assets is calculated as the average rate of return expected on the assets held in the Scheme over the remaining life. This includes income and changes in the asset fair value, net of Scheme expenses, and is based on market expectations at the beginning of the period. This assumption is used to determine the expected return on assets for the pension expense.

Defined contribution scheme
Contributions paid to defined contribution pension schemes during the year amounted to £7,097,000 (2019: £5,041,000). £687,000 (2019: £837,000) of contributions were outstanding at 31 December 2020.

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

22 Prior year adjustment

During 2020 the directors have reviewed the accounting for certain contracts with subcontractors that deliver some of the work on behalf of the company. Where historically the group had accounted for such contracts as if the group had been an agent, having reassessed the position, the directors now believe that the group is actually the principal in these contracts. Accordingly, for presentation purposes, the group has grossed up £581,149,000 of subcontractors' costs within turnover and cost of sales on the prior year's profit and loss account to correct this misclassification. The reclassification of these costs had no effect on previously reported gross profit, operating profit, and profit for the year.

The effects of the change in classification are summarised below:

	2020	2019 As originally stated	2019 Prior year adjustment	2019 As restated
	£'000	£'000	£'000	£'000
Profit and loss account				
Turnover	-	507,253	581,149	1,088,402
Cost of sales	-	(174,060)	(581,149)	(755,209)
Gross profit	-	333,193	-	333,193

As these subcontractor costs are no longer classed as part of turnover, 2020 comparative figures are not able to be calculated.

23 Cash flow statement

Reconciliation of operating profit to cash generated by operations

	2020	2019
	£'000	£'000
Gross profit	**371,396**	333,193
Administrative expenses	**(94,430)**	(85,108)
Operating profit	**276,966**	248,085
Adjustment for:		
Share-based payment expense	**1,098**	1,462
Depreciation and amortization	**7,959**	17,438
Amortization of government grant	**(42)**	(42)
Loss on disposal of fixed assets	**14**	6
Adjustment for pension funding	**-**	-
Financing costs in relation to pension liability	**35**	104
Effect of foreign exchange rate changes	**1,860**	(2,767)
Operating cash flow before movement in working capital	**287,890**	264,286
(Increase)/decrease in debtors	**(221,167)**	66,927
Increase/(decrease) in creditors	**101,745**	(8,004)
Cash generated by operations	**168,468**	323,209
Income taxes paid	**(30,823)**	(11,406)
Interest paid	**(259)**	(124)
Net cash flows from operating activities	**137,386**	311,679

PPD Global Ltd
Notes to the financial statements for the year ended 31 December 2020

24 Financial commitments

The group has entered into various non-cancellable operating leases in respect of plant and equipment, the payments for which extend over a period up to five years. In addition, the group leases certain land and buildings on long term leases. The rents payable under these leases are subject to renegotiation at various intervals as specified in the lease.

The group and the company's total future minimum operating lease payments are as follows:

	2020		2019	
	Land and buildings £'000	**Plant and equipment £'000**	Land and buildings £'000	Plant and equipment £'000
- within one year	**3,004**	**1,012**	3,719	843
- within two to five years	**5,570**	**1,006**	8,841	901
- in over five years	**-**	**-**	-	-
	8,574	**2,018**	12,560	1,744

25 Financial instruments

The carrying values of the group's financial assets and liabilities are summarised by category below:

Financial assets

	Group	
	2020 £'000	2019 £'000
Measured at undiscounted amount receivable		
- Trade debtors (see note 15)	**95,861**	68,090
- Amounts recoverable on contracts (see note 15)	**578,468**	309,784
- Research and development expenditure credit receivable	**16,301**	16,064
- Other debtors (see notes 15 and 16)	**2,519**	1,677
- Amounts due from group undertakings (see note 15)	**275,541**	335,728
	968,690	731,343

25 Financial instruments (continued)

Financial liabilities

	Group	
	2020	2019
	£'000	£'000
Measured at undiscounted amount payable		
- Trade creditors (see note 17)	**14,100**	9,247
- Payables to investigators (see note 17)	**128,360**	103,565
- Payments on account of long-term contracts (see note 17)	**370,191**	352,545
- Amounts owed to group undertakings (see note 17)	**223,436**	163,876
- Finance Leases (see note 17)	**18**	23
	736,105	629,256

Interest income and expense

	Group	
	2020	2019
	£'000	£'000
On loans to fellow group undertakings (see note 4)	**984**	2,417
On loans from fellow group undertakings (see note 5)	**(3,595)**	(3,730)
	(2,611)	(1,313)

26 Related party transactions

As a wholly owned subsidiary of PPD, Inc. (see note 27), the company is exempt from the requirement to disclose details of transactions with other wholly owned group companies.

There are no other transactions with related parties requiring disclosure under FRS 102 Section 33.

27 Immediate and ultimate parent company

The company is a wholly owned subsidiary undertaking of, and is controlled by, PPD UK Holdings Limited, a company registered in England and Wales.

At 31 December 2020 the directors regarded PPD, Inc., 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, Hellman & Friedman, a subsidiary of the Abu Dhabi Investment Authority (ADIA), and an affiliate of GIC, Singapore's sovereign wealth fund.

The registered address of PPD, Inc. is:

The Corporation Trust Company
Corporation Trust Centre
1209 Orange Street
Wilmington, DE 19801
USA

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