

**IQVIA BIOTECH Ltd**  
**(formerly Novella Clinical Ltd)**

**Annual Report**  
**Registered number 03299057**  
**31 December 2018**



## Contents

Company information.....	1
Strategic Report.....	2
Directors' Report.....	5
Statement of Directors' Responsibilities in respect of the Strategic report, Directors' report and the Financial Statements.....	6
Independent auditor's report to the members of IQVIA Biotech Ltd.....	7
Profit and Loss Account and Other Comprehensive Income.....	11
Balance Sheet.....	12
Statement of Changes in Equity.....	13
Notes.....	14

## Company information

<b>Registered Office:</b>	3 Forbury Place 23 Forbury Road Reading RG1 3JH
<b>Directors:</b>	B K Lattimore K J Turland
<b>Secretary:</b>	Halco Secretaries Ltd
<b>Auditor:</b>	Mazars LLP Chartered Accountants & Statutory auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD

## Strategic Report

The Directors present their Strategic Report and the audited financial statements for the year ended 31 December 2018.

### Principal activity

The principal activity of the company is that of clinical research. The company provides clinical trial management and clinical resourcing services in the European region to a range of clients based across the world with many of the clinical trials being conducted on a global basis. The company's primary expertise is in the Oncology, Medical Device and Dermatology therapeutic areas, although trials in other therapeutic areas are undertaken from time to time.

### Results

The company's financial results are set out in the financial statements. The results reported are a reflection of the operational activity on clinical trials and clinical resourcing which occurred during the financial year. The company continues to see strong growth due to an increase in the number of clinical trials we are managing for our clients.

### Review of the business

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£'000	£30,698	£29,959
Gross margin	%	22%	21%
Operating profit	£'000	£4,362	£3,834

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the market sector we operate in.

There have been no significant changes in the company's principal activity in the year under review. The directors are not aware of any major changes in the company's activities in the foreseeable future.

The company's activities are undertaken across Europe, based out of our European Headquarters in Stevenage in the UK. As a clinical research and resourcing organisation, we provide clinical trial management services to a range of clients based in several locations around the world who require clinical research to be undertaken in Europe.

During 2018 the company delivered significant revenue growth compared the prior year. This growth was achieved due to growth in the number of new multi-year clinical trial contracts awarded in the year.

The sales pipeline has continued to grow supporting the conclusion that pharmaceutical companies continue to outsource their clinical trials thereby minimising their own costs in relation to maintaining in-house capabilities.

Further investments in talent were made during 2018 resulting in an increase in compensation costs and cost per FTE for clinical operations – a trend that has occurred for 4 years in a row and is primarily driven by market conditions. This investment in talent has supported sustainable top line revenue growth.

With growth in the number of clinical trials being delivered, associated growth in profit and limited capital expenditure, the balance sheet position has strengthened in the year with an increase in net assets and increase in working capital available to the company.

The company is well positioned to add further sustained revenue, gross margin and operating profit growth in the medium term. Revenue growth targets include gaining greater market share in mainland Europe. Gross margin growth will be achieved by continuing to insource more clinical trial work rather than outsourcing to more expensive contractors and vendors. Expenditure on administrative costs continue to be closely scrutinised and controlled to ensure costs are contained as far as possible.

## **Strategic Report** *(continued)*

### **Principal risks and uncertainties**

#### *Competitive trading risk*

The company operates in a very competitive market place and there are a number of businesses that provide services that are similar to those of the company. Increased competition could affect the company's ability to meet its expectations and objectives for the business. To mitigate this risk the company regularly monitors the activities of its competitors and aims to differentiate itself by focusing on niche areas such as oncology trials, medical devices and the partnership it can offer with its resourcing division.

#### *Customer dependency*

The company's financial performance is partially dependent on a relatively small number of customers, although this risk continues to diminish as the business has grown significantly in the last 3 years. The loss of a key customer could have a significant and detrimental impact on the business. The company mitigates this risk by providing an added value service to its customers, focusing on high levels of personal service and maintaining strong relationships with its customer base. The company continues to focus on growing the business to expand its customer portfolio.

#### *Recruitment and retention of key resources*

The ability of the company to meet growth expectations and compete effectively is, in part, dependent on the skills, performance and experience of the personnel employed. The inability to recruit and retain sufficient skilled resources to meet the growing levels of work could impact the overall business performance. To manage this risk the business regularly reviews its employment policies, remuneration and benefits packages to ensure they are competitive.

#### *Exposure to legislation and regulatory requirements*

The company is subject to numerous legal and regulatory requirements in the management of its clinical trials. Failure to comply with the requirements could have potential serious consequences for the operation of the business. Regular training of staff and ongoing monitoring of compliance with the requirements ensures that any risks here are mitigated as far as possible.

#### *Brexit*

On 23 June 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the E.U., commonly referred to as "Brexit". As a result of the referendum, the British government is negotiating the terms of the U.K.'s future relationship with the E.U.

#### *Brexit implications*

Although the directors do not believe that Brexit will have a major impact on the company's operations, there continues to be uncertainty regarding the impact of Brexit on the wider economy and it is therefore not currently possible to evaluate all of the potential implications. The directors will continue to monitor the latest developments as the situation unfolds.

### **Financial risk**

#### *Credit risk*

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivables balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### *Payment of creditors*

The company follows a robust policy and control process on payment of creditor invoices. Before payment, creditor invoices must be matched to a preapproved purchase order. Once an invoice has been matched to a PO, it will be released for payment with payment being made 45 days after the date of invoice. This policy is enforced through stringent controls built in to the financial accounting system used by IQVIA Biotech.

## Strategic Report *(continued)*

### *Foreign exchange risk*

The company's costs are predominantly in Sterling and the Euro while its revenues are predominantly in US Dollars. It is therefore exposed to movements in exchange rates. To mitigate this, the company significantly restricts its exposure to movements in foreign currencies through the contracting process with its customers.

### *Liquidity and interest rate risk*

The company is generating cash profits, but should the need arise, support would be provided by our parent company. The company's exposure to liquidity risk and interest rate movements is therefore considered to be low.

### **Change of name**

The company changed its name to IQVIA Biotech Ltd. (formerly Novella Clinical Ltd.) on 4<sup>th</sup> February 2019.

By order of the board



**K Turland**  
*Director*

3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH  
2 August.....2019

## Directors' Report

### Directors

The directors of the company at 31 December 2018, who were directors for the whole of the year then ended and up to the date of signing the financial statements, unless otherwise stated below, were:

K J Turland

A MacDonald (resigned 31 December 2018)

B K Lattimore (appointed 18 December 2018)

### Proposed dividend

No dividend paid in 2018 (2017: £nil).

### Political contributions

The company made no political donations or incurred any political expenditure during the year (2017: £nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Matters covered in the Strategic Report

Disclosure of the company's Business Review, Future Developments, Financial Risk Management and Policy and Practice on Payment of Creditors are provided in the Strategic Report.

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

### Auditor

During the year the company appointed Mazars LLP as auditor.

By order of the board



K Turland  
Director

3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH  
2 August 2019

## **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**K Turland**  
*Director*

3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH

2 August..... 2019



## **Independent auditor's report to the members of IQVIA Biotech Ltd**

### **Opinion**

We have audited the financial statements of IQVIA Biotech Ltd (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (The Financial Reporting Standard applicable in the UK and Republic of Ireland) (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

The directors view on the impact of Brexit is disclosed on page 3.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate the potential implications to the company's trade, customers, suppliers and the wider economy.

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

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

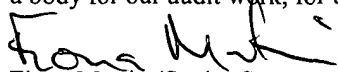
## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit report

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



Fiona Martin (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Apex 2

97 Haymarket Terrace

Edinburgh

EH12 5HD

Date

6/8/19

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b> (Restated)
<b>Turnover</b>	<b>2</b>	<b>30,698</b>	<b>29,959</b>
Cost of sales		<b>(24,000)</b>	<b>(23,526)</b>
<b>Gross profit</b>		<b>6,698</b>	<b>6,433</b>
Administrative expenses	<b>3</b>	<b>(2,332)</b>	<b>(2,541)</b>
Net impairment losses on financial assets and contract assets		<b>(4)</b>	<b>(58)</b>
<b>Operating profit</b>		<b>4,362</b>	<b>3,834</b>
<b>Profit before interest and taxation</b>		<b>4,362</b>	<b>3,834</b>
Finance income		<b>107</b>	<b>11</b>
Finance costs		<b>(28)</b>	<b>(21)</b>
<b>Profit before taxation</b>		<b>4,441</b>	<b>3,824</b>
Tax charge on profit	<b>6</b>	<b>(851)</b>	<b>(96)</b>
<b>Profit for the financial year</b>		<b>3,590</b>	<b>3,728</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>3,590</b>	<b>3,728</b>

All results relate to continuing operations.

No additional gains or losses occurred during the year, therefore no Other Comprehensive Income has been recorded during the year.

The notes on pages 14 to 27 are an integral part of these financial statements.

**Balance Sheet**  
*at 31 December 2018*

	Note	2018 £000	2017 £000 (Restated)
<b>Fixed assets</b>			
Tangible fixed assets	7	266	414
<b>Current assets</b>			
Debtors	8	8,965	6,817
Contract assets	2(a)/8	2,068	2,701
Cash at bank and in hand		14,873	9,653
Deferred tax asset	10	26	19
		<u>25,932</u>	<u>19,190</u>
<b>Creditors: amounts falling due within one year</b>	9	<b>(9,241)</b>	<b>(4,771)</b>
Contract liabilities	2(a)/9	(1,434)	(2,902)
		<u></u>	<u></u>
<b>Net current assets</b>		<b>15,257</b>	<b>11,517</b>
		<u></u>	<u></u>
<b>Total assets less current liabilities</b>		<b>15,523</b>	<b>11,931</b>
		<u></u>	<u></u>
<b>Provisions for liabilities</b>			
Other provisions	10	(91)	(89)
		<u></u>	<u></u>
<b>Net assets</b>		<b>15,432</b>	<b>11,842</b>
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	15,432	11,842
		<u></u>	<u></u>
<b>Shareholders' funds</b>		<b>15,432</b>	<b>11,842</b>
		<u></u>	<u></u>

The notes on pages 14 to 27 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 2 August 2019 and were signed on its behalf by:



**K Turland**  
Director

Company registered number: 03299057

**Statement of Changes in Equity**  
*for the year ended 31 December 2018*

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2017	-	7,113	7,113
Adjustment arising from initial application of IFRS 15	-	1,001	1,001
<b>Balance at 1 January 2017 (restated)</b>	-	8,114	8,114
<b>Total comprehensive income for the period</b>			
Profit or loss restated	-	3,728	3,728
Other comprehensive income (restated)	-	-	-
<b>Total comprehensive income for the period (restated)</b>	-	11,842	11,842
<b>Balance at 31 December 2017 (restated)</b>	-	11,842	11,842

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Adjustment arising from initial application of IFRS 15	-	-	-
Balance at 1 January 2018 (restated)	-	11,842	11,842
<b>Total comprehensive income for the period</b>			
Profit or loss	-	3,590	3,590
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	15,432	15,432
<b>Balance at 31 December 2018</b>	-	15,432	15,432

The notes on pages 14 to 27 are an integral part of these financial statements.

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

IQVIA Biotech Ltd (the “Company”) is a private company, limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 03299057 and the registered address is 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24, ‘Related party disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The ultimate parent undertaking and controlling party IQVIA Holdings Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of IQVIA Holdings Inc. may be obtained from the company’s website [www.iqvia.com](http://www.iqvia.com)

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

#### **1.1 Adopted IFRS not yet applied**

The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 16 Leases (effective date 1 January 2019). The Company is in the process of IFRS 16 implementation effect assessment.



## *Notes (continued)*

### **1.2 New and amended standards adopted by the Company**

#### ***IFRS 15 Revenue from Contracts with Customers***

The Company has applied IFRS 15 as issued in May 2014, as well as Clarifications to IFRS 15 Revenue from Contracts with Customers issued in April 2016. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach and restated comparatives for the 2017 financial year.

IFRS 15 introduces a single revenue recognition model under which companies will recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services.

The adoption of IFRS 15 results in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The main changes are explained below:

#### **(i) Revenue recognition**

Under IAS 18, revenue was measured based on progress either on a units-delivered basis or a duration basis for Product Development (“PD”), or fee for service (on a time-and-materials basis) for Integrated Healthcare Services (“IHS”). Under IFRS 15, revenue recognition has primarily moved to an input based approach to measuring progress. See Note 2 for details.

#### **(ii) Change orders**

Under IAS 18, revenue associated with change orders were recognised when the change order was signed by the customer and recognised either prospectively or as a cumulative catch up based on whether the deliverable had been provided or was in process.

Under IFRS 15, in some cases, a change order impact may be included in the total transaction price to be allocated to the performance obligations on a cumulative catch up basis prior to completion.

#### **(iii) Deferred revenue**

Under IAS 18, all revenue related to bonuses and penalties were deferred until the contingency was resolved. Under IFRS 15, revenue is recognised based on management’s judgment of the most likely outcome of the contingency, constrained to an amount for which it is probable a significant reversal will not occur.

Under IAS 18, all revenue for up-front work (setup/installation) was deferred. Under IFRS 15, revenue recognition will occur during setup/installation when hosting third party applications.

#### **(iv) Presentation and disclosure of contract assets and contract liabilities**

IFRS 15 uses the term ‘contract asset’ and ‘contract liability’ to describe what might more commonly be known as ‘accrued revenue’ and ‘deferred revenue’. The presentation of certain amounts in the balance sheet is changed to reflect the terminology of IFRS 15:

Contract assets were previously presented as part of debtors as amounts recoverable on long term contracts.

Contract liabilities were previously presented as part of short-term creditors as payments received on account.

**Notes (continued)**

IFRS 15 also contains additional disclosure requirements on contract assets and contract liabilities.

(v) The impact of adopting IFRS 15 on the Statement of Comprehensive Income

The amount of adjustment for each line item on the Statement of Comprehensive Income affected by the adoption of IFRS 15 is shown below:

Impact on the Statement of Comprehensive Income for the year	2017 £000
Increase of revenue	557
Increase income tax expense	(106)
Increase in profit for the year	451

(vi) the impact of adopting IFRS 15 on the Statement of Financial Position

The amount of adjustment for each line item on the Statement of Financial Position affected by the adoption of IFRS 15 is shown below:

	IAS 18 carrying amount 31December 2017	Reclassification	Remeasurement	IFRS 15 carrying amount 31December 2017
Contract assets	909,000	-	1,792,000	2,701,000
Creditors: amount falling due within one year	(7,333,000)	-	(340,000)	(7,673,000)
Retained earnings	10,390,000	-	1,452,000	11,842,000

## *Notes (continued)*

### **IFRS 9 Financial Instruments**

The Company has applied IFRS 9 as issued in July 2014. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company has elected not to restate comparatives on initial application of IFRS 9, but to adjust the opening balance of retained earnings with any differences in carrying amount. IFRS 9 introduces new requirements in relation to the classification and measurement of financial instruments, impairment and hedge accounting.

#### **Classification**

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### **a) Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds several financial assets at amortised cost, as follows:

- Trade receivables;
- Amounts owed by group undertakings; and
- Other receivables.

##### **b) Financial assets at fair value through other comprehensive income**

An investment in debt instruments is measured at fair value through other comprehensive income, if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an investment in equity instruments that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

##### **c) Financial assets at fair value through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset as at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## *Notes (continued)*

Under IFRS 9, financial liabilities are still classified as either subsequently measured at amortised cost or fair value through profit or loss. However, for financial liabilities designated at fair value through profit or loss, the changes in fair value due to credit risk shall be presented in other comprehensive income, unless such presentation would create or enlarge an accounting mismatch in profit or loss.

Most of the Company's financial assets are loans and receivables at amortised cost under IAS 39, which will continue to be classified as financial assets at amortised cost under IFRS 9.

### ***Recognition and measurement***

Financial assets at fair value through profit or loss are subsequently carried at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivative financial assets designated as hedging instruments.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through other comprehensive income (except for investment in equity instruments) are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Investment in equity instruments, if designated as fair value through other comprehensive income, are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never classified to profit or loss.

### ***Impairment***

The impairment model under IFRS 9 reflects expected credit losses, rather than only incurred credit losses under IAS 39 Financial Instruments: Recognition and Measurement. Under the new model, impairment losses for most financial assets (except for purchased or originated credit-impaired financial assets) are measured at an amount equal to:

12-month expected credit losses (ie. the portion of lifetime cash shortfalls resulting from possible default events within 12 months after the reporting date); or

full lifetime expected credit losses (ie. lifetime cash shortfalls resulting from all possible default events over the life of the financial asset), if the credit risk has increased significantly since initial recognition of the financial asset.

The new impairment model applies to most of the Company's financial assets that are measured at amortised cost.

For trade receivables and contract assets, the Company applies the simplified approach as permitted under IFRS 9 to recognise lifetime expected credit losses. This results in a downward adjustment to opening retained earnings of £ nil.

In relation to other receivables and amounts owed by group undertakings, the Company has assessed that there has not been a significant increase in credit risk since initial recognition. Accordingly, the Company expects to recognise a loss allowance for 12-month expected credit losses / lifetime expected credit losses as at 1 January 2018, with a downward adjustment to opening retained earnings of £ nil.

## ***Notes (continued)***

### ***1.3 Measurement convention***

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

### ***1.4 Going concern***

The company is expected to continue to generate positive cash flows for the foreseeable future. However, the company participates in the IQVIA Biotech group's centralised sales invoicing and debtor collection arrangements and so is reliant upon the cash flows of its immediate parent. The company also continues to rely on the commercial support from its immediate parent company for the development of new business.

The directors, having assessed the responses of the directors of the company's immediate parent, IQVIA Biotech LLC, to their enquiries regarding the ongoing support of the parent company have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of IQVIA Biotech LLC, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### ***1.5 Foreign currency***

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### ***1.6 Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The depreciation rates are as follows:

- |                             |                               |
|-----------------------------|-------------------------------|
| • Short leasehold buildings | over the remaining lease term |
| • Fixtures and fittings     | 15% on cost                   |
| • Computer equipment        | 25% on cost                   |
| • Computer software         | 33.33% on cost                |

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

### ***1.7 Turnover***

Turnover represents amounts chargeable, net of value added tax, in respect of the provision of services to customers.

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

## *Notes (continued)*

In general, billings to customers are established by contractual provisions, including predetermined payment schedules based on the achievement of contract milestones or submission of appropriate billing detail. Customers are obligated to pay per the terms of the contract, and in the event that a client cancels the contract, the client is responsible for payment for services performed through the date of cancellation. Unbilled contract assets arise when services have been rendered but clients have not been billed. Similarly, contract liabilities represent billings or receipts from customers in advance of the related revenue being earned.

### **1.8      *Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### **1.9      *Operating leases***

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### **1.10     *Financial instruments***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as financial assets, financial liabilities or equity instruments. Financial instruments are initially recognised by fair value and afterwards measured at amortised cost.

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

The company recognises revenue from the following sources:

- Clinical services;
- Integrated health services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. When operating as a principal in a revenue arrangement, the Company recognises revenue as the gross amount to which it expects to be entitled. When acting as an agent, the Company recognises revenue as the net amount to which it is entitled to retain in return for its services.

The Company incurs a significant amount of costs fulfilling promises on contracts that are reimbursed by our customers. Those costs are pass-through expenses which represent “out of pocket expenses” such as payments to investigators and travel expenses for the company’s clinical monitors and sales representatives. The Company has concluded that it is the principal in regard to these reimbursed expenses and will record them as part of revenue on a gross basis. The transaction price is based on the amount to which the entity expects to be entitled for providing the services. The transaction price includes both fixed amounts and variable amounts. The Company’s forms of variable consideration included in contracts generally consist of discounts, returns and repricing. Variable consideration is included in the transaction price to the extent that an amount for which a significant reversal is not probable when the uncertainty associated with the variable consideration is resolved. In assessing whether it is probable that a significant reversal in revenue will occur, the Company considers both the likelihood and the magnitude of the revenue reversal.

## ***Notes (continued)***

The amount of variable consideration is estimated by using either the expected value method or the most likely amount method, depending on the suitability of the method for each type of variable consideration.

### ***1.12 Provisions***

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### ***1.13 Judgements in applying accounting policies and key sources of estimation uncertainty***

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors 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.

### ***Principal versus agent in providing services***

The Company concludes that it is a principal in providing all services, as it controls the specified good or service before that good or service is transferred to the customer. In addition, the Company assesses the following indicators in concluding that it is a principal on its typical arrangements:

- The Company is primarily responsible for fulfilling the promise to provide the specified good or service. The Company is responsible for fulfilling all aspects of the arrangement, including engagement with any required third parties (which result in pass-through expenses that are later reimbursed by customers).
- The Company bears the risk of not having pass-through expenses being reimbursed by the customers.
- The Company directly negotiates the pass-through expenses with third parties which are part of the contract price, hence having an influence on the price.

### ***Impairment of trade receivables***

The company makes an estimate of the expected credit loss rates of financial assets and contract assets. When estimating expected credit loss rates, management adjusts historical loss rates with forward-looking information incorporating both external and internal sources of information, including general economic conditions, internal and external credit ratings, reports and statistics.

*Notes (continued)*

**2 Turnover**

An analysis of turnover by geographical location is given below:

	2018 £000	2017 £000 (restated)
UK	1,394	696
Europe	5,126	1,025
Rest of world	24,178	28,238
Total turnover	<u>30,698</u>	<u>29,959</u>

**(a) Contract assets and liabilities**

The Company has recognised the following revenue-related assets and liabilities

	2018 £000	2017 (restated) £000
Total contract assets	2,068	2,701
Total contract liabilities	1,434	2,902

In the case of fixed-price contracts, the customers pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The following table shows how much of the revenue recognised in the current reporting period related to carried-forward balances of contract liabilities.

	2018 £000	2017 (restated) £000
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,902	1,117



## Notes (continued)

### 3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018	2017
	£000	£000
Operating leases – plant and machinery	2	2
Operating leases – other assets	95	94
Foreign currency losses	146	91
Depreciation of owned assets	172	188
Audit fees	24	25
Provision for restructuring costs	-	35
	<u>          </u>	<u>          </u>

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Business development	2	3
Management and administration	17	20
Clinical studies and project management	105	85
Resourcing	6	7
	<u>          </u>	<u>          </u>
	130	115
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	5,596	4,848
Social security costs	673	607
Contributions to defined contribution plans	206	161
	<u>          </u>	<u>          </u>
	6,475	5,616
	<u>          </u>	<u>          </u>

### 5 Directors' remuneration

Remuneration for the directors in the current year has been borne by a related company. The directors are also directors or officers of a number of the companies within the IQVIA Holdings Inc. group. Their directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year.

*Notes (continued)*

**6 Taxation**

**Recognised in the profit and loss account**

	<b>2018</b>		<b>2017</b> (restated)	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>UK corporation tax</i>				
Current tax on income for the period	<b>858</b>		-	
Adjustments in respect of prior periods	-		-	
	<hr/>		<hr/>	
Total current tax		<b>858</b>		-
		<hr/>		<hr/>
<i>Deferred tax (see note 10)</i>				
Origination and reversal of temporary differences	<b>(7)</b>		96	
	<hr/>		<hr/>	
Total deferred tax		<b>(7)</b>		96
		<hr/>		<hr/>
Tax on profit		<b>851</b>		96
		<hr/>		<hr/>

**Reconciliation of tax expense**

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b> (restated)
Profit for the year	<b>3,590</b>	3,728
Total tax credit	<b>851</b>	96
	<hr/>	<hr/>
Profit excluding taxation	<b>4,441</b>	3,824
Tax using the UK corporation tax rate of 19 % (2017: 19.25%)	<b>844</b>	736
Group relief for nil consideration	-	(643)
Non-deductible expenses	3	16
Income not taxable	-	(3)
Adjustments in respect of prior periods	-	-
Release of deferred tax provision	4	(10)
	<hr/>	<hr/>
Total tax expense	<b>851</b>	96
	<hr/>	<hr/>

A reduction to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax at 31 December 2018 has been calculated based on these rates.

*Notes (continued)*

**7 Tangible fixed assets**

	Short leasehold buildings £000	Fixtures & fittings £000	Computer equipment £000	Computer software £000	Total £000
<b>Cost</b>					
Balance at 1 January 2018	332	473	626	50	1,481
Additions	10	1	20	-	31
Disposals	(7)	-	-	-	(7)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	335	474	646	50	1,505
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
Balance at 1 January 2018	(258)	(247)	(512)	(50)	(1,067)
Depreciation charge for the year	(29)	(87)	(56)	-	(172)
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	(287)	(334)	(568)	(50)	(1,239)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
<b>At 31 December 2018</b>	<b>48</b>	<b>140</b>	<b>78</b>	<b>-</b>	<b>266</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2018	74	226	114	-	414
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**8 Debtors**

	2018 £000	2017 £000 (restated)
Trade debtors	1,152	1,804
Amounts owed by group undertakings	7,660	4,882
Contract assets	2,068	2,701
Other debtors	51	32
Prepayments	102	99
	<hr/>	<hr/>
	<b>11,033</b>	<b>9,518</b>
	<hr/>	<hr/>

Trade debtors are stated after bad debt provision of £4,000 (2017: £58,000).

*Notes (continued)*

**9 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
		<b>(restated)</b>
Trade creditors	556	189
Contract liabilities	1,434	2,902
Amounts owed to group undertakings	5,859	1,154
Other taxes and social security	1,199	340
Accruals	1,571	3,088
Other creditors	56	-
	<b>10,675</b>	<b>7,673</b>

**10 Provisions for liabilities**

	<b>Dilapidations</b>	<b>Deferred tax</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2018	89	(19)	70
Provisions made during the year	2	(7)	(5)
Provisions used during the year	-	-	-
<b>At 31 December 2018</b>	<b>91</b>	<b>(26)</b>	<b>65</b>

All deferred tax movements relate to timing differences in the depreciation of tangible assets.

Provisions for dilapidations are recognised when; the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**11 Capital and reserves**

**Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100
	<b>100</b>	<b>100</b>

## **Notes (continued)**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares hold full rights in respect of voting, participation and dividends.

### **12 Reserves**

The profit and loss account includes all current and prior periods retained profits and losses net of dividends paid.

### **13 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Land &amp; buildings</b>	<b>Plant &amp; equipment</b>	<b>Land &amp; buildings</b>	<b>Plant &amp; equipment</b>
Less than one year	121	2	94	2
Between one and five years	50	2	134	3
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>171</b>	<b>4</b>	<b>228</b>	<b>5</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### **14 Ultimate parent company and parent company of larger group**

The immediate parent undertaking of this company is IQVIA Biotech LLC, a company incorporated in Delaware in the USA.

The ultimate parent undertaking and controlling party is IQVIA Holdings Inc., a company incorporated in North Carolina in the USA.

IQVIA Holdings Inc. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of IQVIA Holdings Inc. may be obtained from the company's website [www.iqvia.com](http://www.iqvia.com)

### **15 Related party transactions**

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned with the Group.