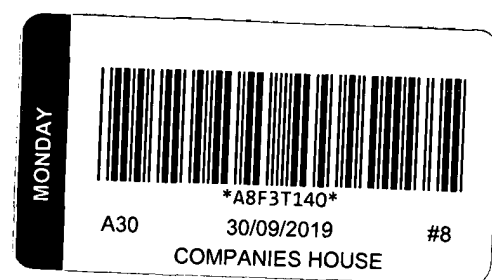


Group Strategic Report, Directors' Report and  
Consolidated Financial Statements for the Year Ended 31 December 2018  
for  
Mundipharma IT Services Limited



Mundipharma IT Services Limited

Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2018

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## Mundipharma IT Services Limited

### Group Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report on the group and parent company financial statements of Mundipharma IT Services Limited (the "company") for the year ended 31 December 2018.

#### **REVIEW OF BUSINESS**

The group's principal activity is the provision of IT services to related party clients. The directors expect this activity to continue for the foreseeable future.

As described in note 1 to the accounts, as a result of a group reorganisation, these financial statements represent the consolidated results for Mundipharma IT Services Limited and its subsidiaries for both periods reported.

The key financial and non-financial performance indicators that are used to assess the group's performance are turnover, operating profit and headcount. These are reported in the management accounts and reviewed by the Board and operational managers.

	2018 £'000	2017 £'000
Turnover	38,482	35,157
Operating Profit	1,382	1,904
Headcount	96	115

The changes in turnover, profit and headcount on 2017 have resulted from changes in services provided by the group to its customers.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the group are broadly grouped as market risk.

##### **Market risk**

The group operates under company service agreements with its clients. The risk to the group is that these agreements may be terminated earlier than expected. This is not anticipated at this time with management monitoring the relationship with their clients on a regular basis and ensuring a high level of service is maintained. The clients are also financially strong, which mitigates any credit, or liquidity risk to the group.

#### **ON BEHALF OF THE BOARD:**



.....  
S D Baker - Director

Date: September 26, 2019.....

## Mundipharma IT Services Limited

### Directors' Report for the Year Ended 31 December 2018

The directors present their report on the group and parent company financial statements of Mundipharma IT Services Limited (the "company") for the year ended 31 December 2018.

#### **PRINCIPAL ACTIVITY**

The group's principal activity is the provision of IT services to related party clients. The directors expect this activity to continue for the foreseeable future.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2018 (2017: £nil).

#### **FUTURE DEVELOPMENTS**

The directors do not anticipate any changes in the principal activity in the foreseeable future.

#### **DIRECTORS**

The directors shown below have held office during the period from 1 January 2018 to the date of the report.

S D Baker  
D Docherty  
P Mazas  
C B Mitchell (resigned 12 April 2018)  
A Wikstrom (appointed 12 April 2018, resigned 22 February 2019)  
S J Jamieson (appointed 22 February 2019)  
D A Silver (resigned 3 May 2019)

#### **GOING CONCERN**

The group's business activities, together with the factors likely to affect its future development are described in the Strategic Report.

The group has considerable financial resources and an established presence in the healthcare industry. As a consequence the directors believe that the group is well placed to manage its business risks successfully within a highly competitive market.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Each director benefits from an indemnity given by the company under its articles of association. This indemnity is in respect of liabilities incurred by the director in the execution and discharge of his/her duties. In addition, each director benefits from an indemnity in respect of liabilities arising out of third party proceedings to which he/she is a party by reason of his/her engagement in the business of the company.


#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### **AUDITORS**

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

#### **ON BEHALF OF THE BOARD:**

  
.....  
S D Baker - Director

Date: September 26, 2019 .....

Mundipharma IT Services Limited

Statement of Directors' Responsibilities  
for the Year Ended 31 December 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Report of the Independent Auditors to the Members of  
Mundipharma IT Services Limited

**Opinion**

We have audited the financial statements of Mundipharma IT Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company 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 group's and of the parent company's affairs as at 31 December 2018 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 in the Group Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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.

**Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of  
Mundipharma IT Services Limited

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page three, 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 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

**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 a Report of the Auditors 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.



Fraser Bull (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory auditor

Date: .....



Mundipharma IT Services Limited

Consolidated Statement of Comprehensive Income  
for the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>TURNOVER</b>	2	38,482	36,157
Administrative expenses		(37,100)	(34,253)
<b>OPERATING PROFIT</b>	5	1,382	1,904
Interest receivable and similar income	6	7	-
Other finance income	18	<u>2</u>	<u>-</u>
		1,391	1,904
Interest payable and similar expenses	7	(209)	(138)
Other finance costs	18	<u>-</u>	<u>(30)</u>
<b>PROFIT BEFORE TAXATION</b>		1,182	1,736
Tax on profit	8	<u>(273)</u>	<u>(408)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		909	1,328
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Actuarial (loss)/gain on pension assets		(329)	387
Actuarial gain/(loss) on pension liabilities		222	30
Effect of experience adjustments		-	295
Exchange difference on retranslation of subsidiary undertakings		443	(3,893)
Income tax relating to components of other comprehensive income/(loss)		<u>20</u>	<u>(119)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX</b>		<u>356</u>	<u>(3,300)</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<u>1,265</u>	<u>(1,972)</u>

The notes form part of these financial statements




Mundipharma IT Services Limited (Registered number: 07485493)

Consolidated Balance Sheet  
31 December 2018

	Notes	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	6,257	5,466
Tangible assets	11	1,296	2,291
Investments	12	-	-
		<u>7,553</u>	<u>7,757</u>
<b>CURRENT ASSETS</b>			
Debtors	13	10,541	9,910
Cash at bank		<u>4,291</u>	<u>3,603</u>
		14,832	13,513
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(7,645)</u>	<u>(5,554)</u>
<b>NET CURRENT ASSETS</b>		<u>7,187</u>	<u>7,959</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,740	15,716
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	<u>(8,706)</u>	<u>(10,995)</u>
<b>NET ASSETS</b>		<u>6,034</u>	<u>4,721</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1	1
Revaluation reserve		2,351	1,908
Merger reserve		(4,827)	(4,827)
Other reserves		203	155
Retained earnings		<u>8,306</u>	<u>7,484</u>
<b>SHAREHOLDER FUNDS</b>		<u>6,034</u>	<u>4,721</u>

September 26, 2019

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

  
.....  
S D Baker - Director

The notes form part of these financial statements

Mundipharma IT Services Limited (Registered number: 07485493)

Company Balance Sheet

31 December 2018

	Notes	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	2,958	521
Tangible assets	11	756	1,498
Investments	12	<u>11,017</u>	<u>11,017</u>
		<u>14,731</u>	<u>13,036</u>
<b>CURRENT ASSETS</b>			
Debtors	13	8,453	2,761
Cash at bank		<u>3,110</u>	<u>186</u>
		11,563	2,947
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(14,211)</u>	<u>(2,225)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(2,648)</u>	<u>722</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,083	13,758
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	<u>(8,706)</u>	<u>(10,995)</u>
<b>NET ASSETS</b>		<u><u>3,377</u></u>	<u><u>2,763</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1	1
Revaluation reserve		3	-
Retained earnings		<u>3,373</u>	<u>2,762</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>3,377</u></u>	<u><u>2,763</u></u>

The financial statements were approved by the Board of Directors on September 26, 2019 ..... and were signed on its behalf by:

  
.....  
S D Baker - Director

The notes form part of these financial statements

Mundipharma IT Services Limited

Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Revaluation reserve £'000
<b>Balance at 1 January 2017</b>	1	5,563	5,801
<b>Changes in equity</b>			
Total comprehensive loss	-	1,921	(3,893)
<b>Balance at 31 December 2017</b>	1	7,484	1,908
<b>Changes in equity</b>			
Total comprehensive income	-	822	443
<b>Balance at 31 December 2018</b>	1	8,306	2,351
	Merger reserve £'000	Other reserves £'000	Total equity £'000
<b>Balance at 1 January 2017</b>	-	123	11,488
<b>Changes in equity</b>			
Total comprehensive loss	(4,827)	32	(6,767)
<b>Balance at 31 December 2017</b>	(4,827)	155	4,721
<b>Changes in equity</b>			
Total comprehensive income	-	48	1,313
<b>Balance at 31 December 2018</b>	(4,827)	203	6,034

The notes form part of these financial statements

Mundipharma IT Services Limited

Company Statement of Changes in Equity  
for the Year Ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
<b>Balance at 1 January 2017</b>	1	1,659	-	1,660
<b>Changes in equity</b>				
Total comprehensive income	-	1,103	-	1,103
<b>Balance at 31 December 2017</b>	1	2,762	-	2,763
<b>Changes in equity</b>				
Total comprehensive income	-	611	3	614
<b>Balance at 31 December 2018</b>	1	3,373	3	3,377

The notes form part of these financial statements

Mundipharma IT Services Limited

Consolidated Cash Flow Statement  
for the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	7,657	4,888
Interest paid		(178)	(138)
Tax paid		(459)	(590)
Net cash from operating activities		<u>7,020</u>	<u>4,160</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(3,372)	(1,673)
Purchase of tangible fixed assets		(765)	(859)
Sale of tangible fixed assets		-	3
Acquisition of a subsidiary		-	(11,129)
Proceeds from the sale of a subsidiary		-	3,010
Re-translation adjustment on net foreign		225	(158)
Interest received		<u>7</u>	<u>-</u>
Net cash from investing activities		<u>(3,905)</u>	<u>(10,806)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	10,995
Loan repayments in year		(2,289)	(5,227)
Contribution to pension scheme		(138)	(128)
Net cash from financing activities		<u>(2,427)</u>	<u>5,640</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>688</u>	<u>(1,006)</u>
<b>Cash and cash equivalents at beginning of year</b>	21	<u>3,603</u>	<u>4,609</u>
<b>Cash and cash equivalents at end of year</b>	21	<u><u>4,291</u></u>	<u><u>3,603</u></u>

The notes form part of these financial statements

## Mundipharma IT Services Limited

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2018

#### 1. **ACCOUNTING POLICIES**

##### **Statement of compliance**

Mundipharma IT Services Limited is a limited liability company incorporated in England. The registered office is 9th Floor, New Zealand House, 80 Haymarket, London SW1Y 4TQ.

The company and group financial statements have been prepared in compliance with applicable UK accounting standards including FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', as it applies to the financial statements of the company for the year ended 31 December 2018.

##### **Basis of preparation of the financial statements**

The financial statements of the company and Group have been approved for issue by the Board of Directors.

The financial statements are presented in UK pounds sterling which is the functional currency of the company and is rounded to the nearest £'000.

##### **Basis of consolidation**

The group accounts consolidate the accounts of Mundipharma IT Services Limited and all subsidiary undertakings made up to 31 December 2018. A Statement of Comprehensive Income is not presented for Mundipharma IT Services Limited as permitted by section 408 of the Companies Act 2006.

##### **Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

#### **ACCOUNTING POLICIES**

##### **Revenue recognition**

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

The following criteria must also be met before revenue is recognised:

**Sale of services:** revenue from the sale of services is recognised when the associated expenditure is incurred as customers are billed quarterly on a cost plus basis.

**Interest income:** Interest is recognised as interest accrued using the effective interest method.

**Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Computer software intangible fixed assets are amortised over their useful economic lives of 3 - 5 years.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than assets under the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its useful life, as follows:

Plant, equipment and computers: 3 - 5 years

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

1. **ACCOUNTING POLICIES - continued**

**Research and development**

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

**Foreign currencies**

Transactions in foreign currencies are initially recorded in sterling at the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. All resulting differences are reported in the Statement of Comprehensive Income.



1. **ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company is a member of the defined benefit section of the Napp Pharmaceutical Group Pension Scheme, which requires contributions to be made to a separately administered fund. Membership of this section of the scheme was closed to new members on 1 September 2002 and closed to further benefit accrual by members in June 2015, although a link to final salary remains for those members still in employment.

As the scheme is a multi-employer scheme where the risks are shared between entities party to the scheme and there is a stated policy of charging the defined benefit cost of the plan as a whole to those entities, each company has recognised its proportion of the defined benefit cost and relevant net defined benefit liability of the overall plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The Napp Pharmaceutical Group Pension Scheme established a defined contribution section of the pension scheme as of 1 September 2002. New employees, joining the company from 1 September 2002, were eligible to join the defined contribution pension section of the pension scheme.

The subsidiary entities employees are members of a defined contribution pension scheme.

Contributions to defined contribution schemes are recognised in the Statement of Comprehensive Income in the period in which they become payable.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group. An analysis of turnover by class of business is given below:

	2018 £'000	2017 £'000
Services revenue	38,482	36,157
	<u>38,482</u>	<u>36,157</u>

Mundipharma IT Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**2. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2018 £'000	2017 £'000
United Kingdom	18,501	16,462
Europe	16,217	16,236
Rest of World	<u>3,764</u>	<u>3,459</u>
	<u><u>38,482</u></u>	<u><u>36,157</u></u>

**3. STAFF COSTS**

	2018 £'000	2017 £'000
Wages and salaries	9,991	9,377
Social security costs	804	667
Other pension costs	<u>112</u>	<u>402</u>
	<u><u>10,907</u></u>	<u><u>10,446</u></u>

The average number of employees during the year was as follows:

	2018	2017
Office and management	17	15
IT Staff	<u>79</u>	<u>100</u>
	<u><u>96</u></u>	<u><u>115</u></u>

**4. DIRECTORS' EMOLUMENTS**

	2018 £'000	2017 £'000
Aggregate remuneration in respect of qualifying services bourn by the company and group company	663	1,236
Aggregate amounts receivable under long term incentive plans	169	46
Number of directors accruing benefits under defined benefit pension schemes	-	-
In respect of the highest paid director:		
Aggregate remuneration	663	629
Accrued pension at the end of the year	-	-

In addition to the directors remuneration disclosed above, certain directors receive remuneration from other companies related to the ultimate controlling parties. These directors have responsibility across a large portfolio of companies. It has been determined that their services to Mundipharma International Limited are ancillary to their overall responsibilities and accordingly no emoluments are disclosed in respect of their services to the company.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2018	2017
	£'000	£'000
Depreciation - owned assets	1,122	1,701
Loss on disposal of fixed assets	1,319	55
Computer software amortisation	1,997	1,473
Auditors' remuneration - audit services	25	75
Auditors' remuneration - taxation compliance services	45	39
Auditors' remuneration - taxation advisory services	53	37
Foreign exchange differences	<u>578</u>	<u>283</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2018	2017
	£'000	£'000
Bank interest	<u>7</u>	<u>-</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£'000	£'000
Bank interest	209	-
Loan interest	<u>-</u>	<u>138</u>
	<u>209</u>	<u>138</u>

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£'000	£'000
Current tax:		
UK corporation tax	250	159
Adjustment in respect of previous periods	(4)	-
Foreign tax suffered	86	297
Adjustment in respect of previous periods - foreign tax	<u>-</u>	<u>(41)</u>
Total current tax	<u>332</u>	<u>415</u>
Deferred tax:		
Timing difference	(69)	(9)
Tax rate changes	<u>9</u>	<u>2</u>
Total deferred tax	<u>(60)</u>	<u>(7)</u>
Tax on profit	<u>273</u>	<u>408</u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

8. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit before tax	<u>1,182</u>	<u>1,736</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	225	334
Effects of:		
Expenses not deductible for tax purposes	(7)	22
Adjustments to tax charge in respect of previous periods	(4)	(41)
Tax rate changes	8	2
Effects of overseas tax rates	<u>51</u>	<u>91</u>
Total tax charge	<u>273</u>	<u>408</u>

**Tax effects relating to effects of other comprehensive income**

	2018 Gross £'000	Tax £'000	Net £'000
Actuarial (loss)/gain on pension assets	(329)	56	(273)
Actuarial gain/(loss) on pension liabilities	<u>222</u>	<u>(36)</u>	<u>186</u>
	<u>(107)</u>	<u>20</u>	<u>(87)</u>

	2017 Gross £'000	Tax £'000	Net £'000
Actuarial gain/(loss) on pension assets	387	(65)	322
Actuarial gain/(loss) on pension liabilities	30	(5)	25
Effect of experience adjustments	<u>295</u>	<u>(49)</u>	<u>246</u>
	<u>712</u>	<u>(119)</u>	<u>593</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**8. TAXATION - continued**

	2018 £'000	2017 £'000
Current tax:		
In relation to defined benefit pension arrangements	20	19
Deferred tax:		
Movement on deferred tax in relation to actuarial loss / (gain) on defined benefit pension arrangements	-	(156)
Effect of tax rate changes	-	18
Total tax charge (recognised in OCI)	<u>20</u>	<u>(119)</u>

**Factors that may affect future tax charges**

The standard rate of UK Corporation Tax on ordinary activities was 19% in 2018 (19.25% in 2017). This follows a reduction from 20% to 19% on 1 April 2017 following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015.

The Spring Budget on 16 March 2016 announced a further reduction in the corporation tax rate to 17% for the Financial Year beginning 1 April 2020. This change was substantively enacted in Finance Act 2016 on 15 September 2016.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

**Deferred Tax**

The deferred tax included in the balance sheet is as follows:

	2018 £'000	2017 £'000
Included in debtors (see note 12)	<u>154</u>	<u>94</u>

The movements in deferred taxation in the current and prior year are as follows:

	2018 £'000	2017 £'000
As at 1 January	(94)	(225)
Deferred tax charge to income statement for the period	(60)	(7)
Deferred tax charge in OCI for the period	-	138
As at 31 December	<u>(154)</u>	<u>(94)</u>

	2018 £'000	2017 £'000
Fixed asset timing differences	(125)	(85)
Short term timing differences	(29)	(9)
Other timing differences	-	-
As at 31 December	<u>(154)</u>	<u>94</u>

Mundipharma IT Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

8. **TAXATION - continued**

The company expects deferred tax assets of £29,000 to reverse in 2018.

9. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

The parent company's profit for the financial year was £698,000 (2017: £1,103,000).

10. **INTANGIBLE FIXED ASSETS**

**Group**

	Computer software £'000
<b>COST OR VALUATION</b>	
At 1 January 2018	9,646
Additions	3,372
Disposals	(2,334)
Foreign exchange differences	114
Reclassification/transfer	<u>451</u>
At 31 December 2018	<u>11,249</u>
<b>AMORTISATION</b>	
At 1 January 2018	4,180
Amortisation for year	1,998
Eliminated on disposal	(1,193)
Foreign exchange differences	<u>7</u>
At 31 December 2018	<u>4,992</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>6,257</u>
At 31 December 2017	<u>5,466</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

10. **INTANGIBLE FIXED ASSETS - continued**

**Company**

	Computer software £'000
<b>COST</b>	
At 1 January 2018	1,208
Additions	2,322
Reclassification/transfer	<u>365</u>
At 31 December 2018	<u>3,895</u>
<b>AMORTISATION</b>	
At 1 January 2018	687
Amortisation for year	<u>250</u>
At 31 December 2018	<u>937</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>2,958</u>
At 31 December 2017	<u>521</u>

Intangible fixed assets relate to computer software and are being amortised over their useful economic lives of 3-5 years.

11. **TANGIBLE FIXED ASSETS**

**Group**

	Plant, equipment and computers £'000	Construction in progress £'000	Totals £'000
<b>COST OR VALUATION</b>			
At 1 January 2018	7,395	24	7,419
Additions	602	163	765
Disposals	(2,471)	(29)	(2,500)
Foreign exchange differences	(8)	(1)	(9)
Reclassification/transfer	<u>(545)</u>	<u>(112)</u>	<u>(657)</u>
At 31 December 2018	<u>4,973</u>	<u>45</u>	<u>5,018</u>
<b>DEPRECIATION</b>			
At 1 January 2018	5,128	-	5,128
Charge for year	1,122	-	1,122
Eliminated on disposal	(2,322)	-	(2,322)
Reclassification/transfer	<u>(206)</u>	<u>-</u>	<u>(206)</u>
At 31 December 2018	<u>3,722</u>	<u>-</u>	<u>3,722</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>1,251</u>	<u>45</u>	<u>1,296</u>
At 31 December 2017	<u>2,267</u>	<u>24</u>	<u>2,291</u>

Mundipharma IT Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**11. TANGIBLE FIXED ASSETS - continued**

**Company**

	Plant, equipment and computers £'000	Construction in progress £'000	Totals £'000
<b>COST</b>			
At 1 January 2018	3,694	389	4,083
Additions	432	63	495
Disposals	(381)	(30)	(411)
Reclassification/transfer	<u>12</u>	<u>(377)</u>	<u>(365)</u>
At 31 December 2018	<u>3,757</u>	<u>45</u>	<u>3,802</u>
<b>DEPRECIATION</b>			
At 1 January 2018	2,585	-	2,585
Charge for year	714	-	714
Eliminated on disposal	<u>(253)</u>	<u>-</u>	<u>(253)</u>
At 31 December 2018	<u>3,046</u>	<u>-</u>	<u>3,046</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>711</u>	<u>45</u>	<u>756</u>
At 31 December 2017	<u>1,109</u>	<u>389</u>	<u>1,498</u>

**12. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £'000
<b>COST</b>	
At 31 December 2018	<u>11,017</u>
At 31 December 2017	<u>11,017</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>11,017</u>
At 31 December 2017	<u>11,017</u>

**Directly owned:**

**Mundipharma IT Services GmbH**

Company Registered Office: St. Alban Rheinweg 74, 4020 Basel, Switzerland

Country of Incorporation: Switzerland

Nature of business: Provision of IT services

Class of shares:

Ordinary

%  
holding  
100



Mundipharma IT Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

12. **FIXED ASSET INVESTMENTS - continued**

**Group**

**Indirectly owned:**

**Mundipharma IT GmbH**

Company Registered Office: St. Alban Rheinweg 74, 4020 Basel, Switzerland

Country of Incorporation: Switzerland

Nature of business: Provision of IT services

Class of shares:

Ordinary

%  
holding  
100

**Mundipharma IT Services GmbH & Co KG**

Company Registered Office: Mundipharma Strasse 2, 65549 Limburg, Germany

Country of Incorporation: Germany

Nature of business: Provision of IT services

Class of shares:

Ordinary

%  
holding  
100

**Mundipharma IT Services Verwaltungs GmbH**

Company Registered Office: Mundipharma Strasse 2, 65549 Limburg, Germany

Country of Incorporation: Germany

Nature of business: Provision of IT services

Class of shares:

Ordinary

%  
holding  
100

**Mundipharma IT Services PTE Ltd**

Company Registered Office: 1 Marina Boulevard, #28-00, Singapore 018989

Country of Incorporation: Singapore

Nature of business: Provision of IT services

Class of shares:

Ordinary

%  
holding  
100

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	7,666	6,339	7,153	1,465
Other debtors and prepayments	2,721	2,863	1,146	902
VAT	-	614	-	300
Deferred tax asset	154	94	154	94
	<u>10,541</u>	<u>9,910</u>	<u>8,453</u>	<u>2,761</u>

Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Deferred tax	<u>154</u>	<u>94</u>	<u>154</u>	<u>94</u>

Mundipharma IT Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	3,757	2,448	11,004	689
Corporation Tax	173	487	125	40
VAT	9	-	471	-
Other creditors	<u>3,706</u>	<u>2,619</u>	<u>2,611</u>	<u>1,496</u>
	<u>7,645</u>	<u>5,554</u>	<u>14,211</u>	<u>2,225</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other loans (see note 16)	<u>8,706</u>	<u>10,995</u>	<u>8,706</u>	<u>10,995</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due in more than five years:				
Other loans	<u>8,706</u>	<u>10,995</u>	<u>8,706</u>	<u>10,995</u>

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018	2017
			£'000	£'000
1,000	Ordinary	£1	<u>1</u>	<u>1</u>

**18. EMPLOYEE BENEFIT OBLIGATIONS**

The company participates in a multi-employer pension scheme which includes defined benefit and defined contribution sections. The scheme is operated by Napp Pharmaceutical Holdings Limited a related party.

The assets of both sections are administered by Trustees and held separately from those of the company in independently administered funds.

A full actuarial valuation was carried out as at 31 December 2016 by a qualified actuary. These assumptions have been updated to 31 December 2017 for the purposes of these financial statements. The schemes assets are stated at their market values at their respective balance sheet dates.

The net defined benefit surplus attributable to the company has been separately identified by the actuaries.

There has been an improvement in the funding position during 2018. In summary, contributions, investment returns and an increase in bond yields have led to this improved position. This has been partially offset by an estimate for additional GMP Equalisation liability. The improved position has resulted in a pension scheme asset surplus attributable to the company. This has not been recognised as the company is unable to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the balance sheet are as follows:

	Defined benefits pension plans	
	2018	2017
	£'000	£'000
Present value of funded obligations	(5,674)	(5,917)
Fair value of plan assets	<u>5,674</u>	<u>5,917</u>
Net liability	<u>-</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Net interest from net defined benefit asset/liability	(2)	30
	<u>(2)</u>	<u>30</u>
Actual return on plan assets	<u>(184)</u>	<u>523</u>

18. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening defined benefit obligation	5,918	6,224
Interest cost	143	166
Actuarial (gains)/losses	(202)	(30)
Benefits paid	(185)	(148)
Experience adjustments	-	(295)
	<u>5,674</u>	<u>5,917</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening fair value of scheme assets	5,918	5,337
Contributions by employer	125	206
Expected return	145	136
Actuarial (losses)/gains	(329)	387
Benefits paid	(185)	(149)
	<u>5,674</u>	<u>5,917</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Experience adjustments	-	295
Actuarial (losses)/gains on pension assets	(329)	387
Actuarial gains/(losses) on pension liabilities	222	30
	<u>(107)</u>	<u>712</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
Equities	42.6%	64.0%
Debt instruments	52.5%	31.0%
Real estate	4.6%	4.0%
Net current assets	0.3%	1.0%
	<u>100.0%</u>	<u>100.0%</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**18. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2018	2017
Discount rate	3.0%	2.6%
Future salary increases	3.1%	3.1%
Future pension increases	3.0%	2.9%
Price inflation (RPI)	3.1%	3.1%
Price inflation (CPI)	2.1%	2.1%

**19. RELATED PARTY DISCLOSURES**

The ultimate controlling parties identified by the company are various trusts, the beneficiaries, which are ultimately held for the benefit of the families of late Mortimer D. Sackler, M.D. and Raymond R. Sackler, M.D.

The annual value of transactions and the amounts outstanding at the year end with companies related to the ultimate controlling parties in respect of transactions with those companies during the year are as follows:

	Transaction value 2018 £'000	Amounts outstanding 2018 £'000	Transaction value 2017 £'000	Amounts outstanding 2017 £'000
Service charges receivable	38,482	6,043	36,157	6,111
Sundry charges receivable	1,956	1,612	1,116	325
Service charges payable	(6,579)	(1,138)	(6,025)	(1,448)
Sundry charges payable	(3,112)	(835)	(285)	(9)
Interest payable	(217)	(217)	(132)	(32)
Loans	2,289	(8,706)	(10,995)	(10,995)
Rent payable	(822)	(58)	(824)	(251)

In the opinion of the directors all of the above transactions have been carried out in the normal course of business and on bases intended to be arm's length.

Key management personnel disclosure

Certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect to these individuals is £832,000 (2017: £1,282,000).

**20. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018 £'000	2017 £'000
Profit before taxation	1,182	1,736
Depreciation charges	3,119	3,198
Loss on disposal of fixed assets	1,319	55
Finance costs	209	168
Finance income	(9)	-
	<u>5,820</u>	<u>5,157</u>
Increase in trade and other debtors	(568)	(1,803)
Increase in trade and other creditors	<u>2,405</u>	<u>1,534</u>
<b>Cash generated from operations</b>	<u><u>7,657</u></u>	<u><u>4,888</u></u>

Mundipharma IT Services Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2018

**21. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2018**

	31.12.18	1.1.18
	£'000	£'000
Cash and cash equivalents	<u>4,291</u>	<u>3,603</u>

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£'000	£'000
Cash and cash equivalents	<u>3,603</u>	<u>4,609</u>