

Phlexglobal Holdings Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 07503993



Phlexglobal Holdings Limited

Report and financial statements for the year ended 31 December 2014

Contents

Page:

1	Strategic report
2	Report of the directors
4	Independent auditor's report
6	Profit and loss account
7	Balance sheet
8	Notes forming part of the financial statements

Directors

S Donoghue
K Redding
P McNaney
S Kent

Secretary and registered office

S Donoghue, Mandeville House, 62 London Road, Amersham, Buckinghamshire, HP7 0HJ

Company number

07503993

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Phlexglobal Holdings Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report together with the audited financial statements for the period ended 31 December 2014.

Principal activities

The principal activity of the company in the year of review was that of holding company for the Phlexglobal group of companies, which provide clinical research services.

The company is a wholly owned subsidiary of Emerald Bidco Limited.

Review of the business and future developments

The company's investments continued to perform well during the current year. The directors do not consider that any provision for impairment is required to the investment values of the shares in group undertakings.

The combined EBITDA of the company's subsidiaries exceeded £4,607,653 for the year ended 31 December 2014, representing EBITDA growth of 2% on the previous year. In view of the positive trading performance of the company's subsidiaries, the directors are satisfied that neither the company's investment in group undertakings of £75,000 nor the inter-company receivables of £567,726 require any impairment or provisioning.

As an intermediate holding company the company's principal key performance indicators are the profitability of its investments and the recoverability of amounts due from group undertakings. These matters are addressed above.

No change in the nature of the company's business is expected in the foreseeable future.

Principal risks and uncertainties

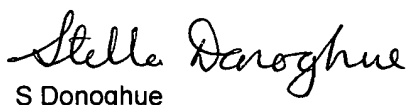
As an intermediate holding company, the principal risks for the company are that either the investment value of the shares in group undertakings, or the amounts owed by group undertakings might not be fully recoverable.

The directors regularly review the performance of the company's subsidiaries to ascertain whether there are any indicators which might indicate any risks threatening full recovery.

As an intermediate holding company, all principal risks relate to the investment, intercompany and loan note balances which are discussed above.

Approval

This strategic report was approved on behalf of the Board on 3 Feb 2016


S Donoghue

Director

Phlexglobal Holdings Limited

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results

The profit and loss account is set out on page 6 and shows the loss for the period.

Going concern

The directors believe that the company has adequate resources and is well placed to manage its business risks successfully. Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Please see note 1 to the financial statements for further details.

Directors

The directors of the company during the year were:

S Donoghue
R Swann (resigned 11 July 2014)
K Redding
P McNaney
E Fraser (resigned 11 July 2014)
S Kent

Directors' responsibilities

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). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Phlexglobal Holdings Limited

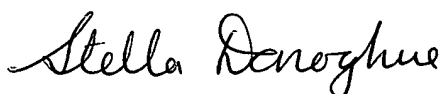
Report of the directors for the year ended 31 December 2014 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



S Donoghue
Director

Date 3 Feb 2016

Phlexglobal Holdings Limited

Independent auditor's report

TO THE MEMBERS OF PHLEXGLOBAL HOLDINGS LIMITED

We have audited the financial statements of Phlexglobal Holdings Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Phlexglobal Holdings Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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, 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.

BDO LLP

Julian Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

3/2/2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Phlexglobal Holdings Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Administrative expenses		177,452	67,968
Operating loss		(177,452)	(67,968)
Interest payable and similar charges	4	1,490,940	96,489
Loss on ordinary activities before taxation		(1,668,392)	(164,457)
Taxation on loss on ordinary activities	5	-	-
Retained loss for the financial year	11,12	(1,668,392)	(164,457)

All amounts relate to continuing activities.

All recognised gains and losses have been included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

Phlexglobal Holdings Limited

Balance sheet at 31 December 2014

Company number 07503993	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Fixed asset investments	6		75,000		75,000
Current assets					
Debtors	7	3,567,726		567,726	
Creditors: amounts falling due within one year	8	5,605,024		302,963	
Net current (liabilities)/assets			(2,037,298)		264,763
Total assets less current liabilities			(1,962,298)		339,763
Creditors: amounts falling due after more than one year	9		-		633,669
Net liabilities			(1,962,298)		(293,906)
Capital and reserves					
Called up share capital	10		113,360		113,360
Profit and loss account	11		(2,075,658)		(407,266)
Shareholders' deficit	12		(1,962,298)		(293,906)

The financial statements were approved by the Board of Directors and authorised for issue on 3 Feb 2016

Stella Donoghue

S Donoghue
Director

The notes on pages 8 to 13 form part of these financial statements.

Phlexglobal Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The financial statements have been prepared for the year ended 31 December 2014.

The company is exempt from preparing consolidated financial statements for its group under Section 400 of the Companies Act 2006, as the company's ultimate parent undertaking, Emerald Topco Limited, is incorporated in the United Kingdom and prepares group financial statements. These financial statements present information about the company only and not the group which it heads.

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date the company's liabilities exceeded its total assets and it made a loss for the year.

The directors consider the going concern basis to be appropriate because the company has obtained a letter of support from its ultimate parent undertaking, Emerald Topco Limited, in order to satisfy its liabilities as they fall due. The directors believe that this support will provide sufficient funds to satisfy any administrative expenses which are due for repayment in the foreseeable future.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Impairment of investments

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Loan notes

Loan note instruments are presented as financial liabilities and shown net of related arrangement fees. Arrangement fees are amortised to the profit and loss account over the term of the instruments at a constant rate on the carrying value of the debt.

The interest payable on the loan notes is accrued on an annual basis and is due for final payment at the same time that the principal amount of the loan is due for payment. The loan note interest is charged to the profit and loss account in the year in which it accrues.

Phlexglobal Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

2 Operating loss

Auditors remuneration is borne on a Group basis. The amount in relation to the company is £2,000 (2013 - £6,500)

3 Directors' emoluments

	2014 £	2013 £
Fees paid to third parties for director services	47,000	55,000

4 Interest payable and similar charges

	2014 £	2013 £
Loan note interest	1,490,940	96,489

5 Taxation on loss on ordinary activities

	2014 £	2013 £
<i>UK corporation tax</i>		
Current tax on loss for the year	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total taxation on loss on ordinary activities	-	-
Loss on ordinary activities before tax	(1,668,392)	(164,457)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	(358,704)	(38,236)
Effects of:		
Expenses not deductible for tax purposes	321,918	96,489
Timing differences	-	(125,532)
Group relief surrendered	36,786	67,279
Current tax charge for the year	-	-

Phlexglobal Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

5 Taxation on loss on ordinary activities (continued)

The company has no deferred tax balances.

6 Fixed asset investments

Subsidiary
undertakings
£

Cost

At 1 January 2014 and 31 December 2014

75,000

The company had the following subsidiary undertakings:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Phlexglobal Group Limited	England and Wales	Ordinary, 100%	Intermediate holding company
Phlexglobal Limited (*)	England and Wales	Ordinary, 100%	The provision of clinical research services
Phlexglobal Inc (*)	USA	Ordinary, 100%	The provision of clinical research services

(*) held indirectly

7 Debtors

	2014 £	2013 £
Amounts due from group companies	3,567,726	567,726

All amounts fall due for repayment in less than one year.

8 Creditors: amounts falling due within one year

	2014 £	2013 £
Amounts due to group companies	5,586,124	270,829
Accruals and deferred income	18,900	32,134
	5,605,024	302,963

Phlexglobal Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (continued)

9 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Net unsecured loan notes	-	633,669

During the year, loan notes totalling £3m were recognised that had previously been de-recognised as a liability because the directors previously deemed the likelihood of a liability arising to be remote. The recognition of this liability was based on performance targets that the directors had assessed, and concluded had been achieved. These notes were subsequently repaid during the year, as detailed below.

	Net Unsecured loan notes 2014 £	Net Unsecured loan notes 2013 £
In more than two years but not more than five years	-	633,669

On 25 March 2011 the company issued fixed rate unsecured loan notes of £601,249. Interest on these loan notes accrues at 12% per annum.

Further fixed rate unsecured loan notes of £32,420 were issued on 28 February 2013. Interest on these loan notes accrues at 12% per annum.

On 11 July 2014 loan notes totalling £3m that had previously been recognised as a liability by the directors were recognised. The recognition of this liability was based on performance targets that the directors had assessed, and concluded had been achieved. Interest on these loan notes accrues at 12% per annum. These notes were subsequently repaid during the year, as detailed below.

On 11 July 2014, £633,669 of fixed rate unsecured B loan notes were repaid.

On 11 July 2014, £3,000,000 of fixed rate unsecured C loan notes were repaid.

Phlexglobal Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

10 Share capital

	Allotted, called up and fully paid	
	2014 £	2013 £
Preferred ordinary shares of 1p each	75,000	75,000
Ordinary shares of 1p each	23,000	23,000
Ordinary B shares of 1p each	15,360	15,360
	<u>113,360</u>	<u>113,360</u>

All shares are entitled to one vote per share. No class of share is redeemable.

On return of capital, the preferred ordinary shares rank ahead of the ordinary B shares, which rank ahead of the ordinary shares.

11 Reserves

	Profit and loss account £
At 1 January 2014	(407,266)
Loss for the year	(1,668,392)
	<u>(2,075,658)</u>
At 31 December 2014	<u>(2,075,658)</u>

12 Reconciliation of movements in shareholders' deficit

	2014 £	2013 £
At 1 January 2014	(293,906)	(133,909)
Issue of shares	-	4,460
Loss for the year	(1,668,392)	(164,457)
	<u>(1,962,298)</u>	<u>(293,906)</u>
Closing shareholders' deficit	<u>(1,962,298)</u>	<u>(293,906)</u>

13 Commitments under operating leases

The company had no commitments.

Phlexglobal Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

14 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with wholly owned subsidiaries within the Company.

During the current and prior year, fixed rate unsecured loan notes were in issue by the company to the following related parties:

During the year £198,627 of B loan notes and £13,730 of interest were repaid to Stella Donoghue, a director of the company.

During the year £313,422 of B loan notes and £21,655 of interest were repaid to Karen Roy, a director of the company.

During the year £32,420 of B loan notes and £2,712 of interest were repaid to Peter McNaney, a director of the company.

During the year £179,279 of C loan notes and £84,773 of interest were repaid to Stella Donoghue, a director of the company.

During the year £215,316 of C loan notes and £101,813 of interest were repaid to Karen Roy, a director of the company.

15 Cash flow statement

The company has not presented a cash flow statement. It has taken advantage of the exemption of FRS 1 "Cash Flow Statements", as it is included within the consolidated financial statements of its ultimate parent, Emerald Topco Limited, which are publicly available.

16 Ultimate controlling party

The immediate parent undertaking of the smallest group of undertakings is Emerald Bidco Limited.

The ultimate parent undertaking of the largest group of undertakings is Emerald Topco Limited. Consolidated accounts are prepared, and are available from Companies House.

The ultimate controlling party are certain funds advised by Bridgepoint Development Capital.