

Phlexglobal Limited

Annual Report and Financial Statements

For the year ended

31 December 2021

Company Number 03544670

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Phlexglobal Limited

Annual Report and financial statements for the year ended 31 December 2021

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Company Information

Directors

T S Dobmeyer
D Jethwa

Registered office

Chesham House, Deansway, Chesham, England, HP5 2FW

Company number

03544670

Auditors

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

Phlexglobal Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company in the year under review was the provision of support services to the clinical research industry.

The Company is part of the group of companies which is composed of Overture Topco Limited and its subsidiaries (the Group).

Review of the business and future developments

The 2021 year was successful for the company with some pressure on results due to COVID-19, which resulted in a reduction in revenue, operating profit and from increased investment in the business. However, this investment is expected to provide an expanding customer base and service offerings for future growth.

Phlexglobal Limited works well with its related US and Poland offices to provide seamless, high quality services to its global clients.

The impact of the Covid-19 pandemic on the business had a marginal negative impact on sales resulting in a 2.5% decline in revenue for the year. The company operates within the life sciences sector and whilst the commencement of some clinical trials were delayed, there has also been an increase in demand since the start of 2022. There is also further growth in overseas markets, such as the USA, whilst demand in the UK and Europe is increasing at a slower rate for the company. However, the company expects cross group synergies to provide further opportunities for the company.

Financial and other key performance indicators

The company uses a range of performance measures to monitor and manage its business effectively. These are both financial and non-financial, and the most significant of these are the key performance indicators (KPIs).

The key financial indicators are turnover, gross profit, operating profit and cash. These KPIs indicate the volume of business the company has undertaken as well as the efficiency and profitability of this business. The key non-financial performance indicator is the number of employees.

KPIs for the year ended 31 December 2021 are set out below:

	2021 £'000	2020 £'000
Turnover	12,970	13,304
Gross profit	5,431	7,022
Operating profit	2,952	5,569
Cash	1,391	4,469
	2021	2020
Number of employees	162	152
Gross profit (%)	41.9	52.8
Operating profit (%)	22.8	41.9

Phlexglobal Limited

Strategic report for the year ended 31 December 2021 (*continued*)

Principal risks and uncertainties

The principal risks and uncertainties that the Company encounter include risks from: the war in Ukraine, the continued impact of COVID-19, liquidity risk and foreign exchange exposures.

One of the Company's subsidiaries is located in Poland close to the border with Ukraine. The war in Ukraine has not had a direct impact on revenue or safety of employees. Nevertheless the company and the Group continues to actively monitor the situation with local management, and support any refugees at the border.

Our employees have all been working from home since Covid-19 in the countries we operate. We have seen no loss in productivity and have increased pro-active employee engagement over this time. This has also allowed the Group to review its office locations and make strategic cost savings. Most of our employees are telling us they prefer a more flexible working pattern which we believe will result in continued increased working from home and therefore we expect productivity to remain at or near current levels as we review longer term working

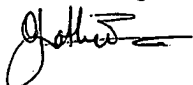
The main financial risks arising from the Group's activities are liquidity risk and foreign exchange risk. These are monitored by the board of directors and the finance team.

The company's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

The company's policy in respect of foreign exchange risk is to match, where possible, the currency of revenue and costs, to closely monitor foreign exchange movements and to incorporate the ability, in contracts, to renegotiate rates if foreign exchange rates move by more than a certain percentage.

Approval

This strategic report was approved on behalf of the Board on 28 February 2023



D Jethwa
Director

Phlexglobal Limited

Directors' report for the year ended 31 December 2021

The directors present their report together with their strategic report and the audited financial statements for the year ended 31 December 2021.

Results and dividends

The statement of comprehensive income is set out on page 9 and shows a turnover of £12,970k (2020 - £13,304k and gross profit of £5,431k (2020 - £7,022k). The company made a profit before tax of £2,952k (2020 - £5,572k for the year ended 31 December 2021).

The directors do not recommend the payment of a dividend (2020 - £Nil).

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

K J Roy (resigned on 11th February 2022)
A Johnson (resigned on 15th July 2022)
J McNeill (resigned on 22nd February 2023)
T S Dobmeyer (appointed on 24th January 2022)
D Jethwa (appointed on 22nd February 2023)

Directors' responsibilities statement

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 year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

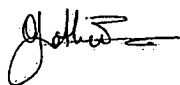
Directors' report for the year ended 31 December 2021 (*continued*)

Directors' confirmation

In the case of each director in office at the date the directors' report is approved:

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

This report was approved by the board and signed on its behalf on 28 February 2023



D Jethwa
Director

Phlexglobal Limited

Independent auditor's report for the year ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHLEXGLOBAL LIMITED

Opinion on the 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 2021 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.

We have audited the financial statements of Phlexglobal Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements 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.

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 course of 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 this gives rise to a material misstatement in the financial statements

Phlexglobal Limited

Independent auditor's report for the year ended 31 December 2021 (*Continued*)

themselves. 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.

Other Companies Act 2006 reporting

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.

In the 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, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Phlexglobal Limited

Independent auditor's report for the year ended 31 December 2021 (*Continued*)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and relevant tax compliance regulations;
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by first meeting with management to understand where they considered there was a susceptibility to fraud and then by forming our own considerations based on our understanding of the entity, its internal control environment, and the industry in which it operates;
- Our audit planning identified fraud risks in relation to management override of controls and inappropriate or incorrect recognition of revenue. We obtained an understanding of the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls;
- With regards to the fraud risk in management override of controls, our procedures included journal transaction testing, with a focus on large or unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates, which are subject to managements' judgement and estimation, and could be subject to potential bias;
- With regards to the fraud risk in recognition of revenue, our procedures included ensuring that an appropriate, consistent revenue recognition policy is applied throughout the year, testing a sample of revenue transactions to contract, invoice and cash receipt to ensure that revenue had been correctly recognised, and performing cut-off procedures to ensure revenue was captured in the correct period; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Phlexglobal Limited

Independent auditor's report for the year ended 31 December 2021 (*Continued*)

Use of our report

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

DocuSigned by:
Julian Frost
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Julian Frost (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 02 March 2023

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

Phlexglobal Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	12,970	13,304
Cost of sales		(7,539)	(6,282)
Gross profit		5,431	7,022
Administrative expenses		(2,479)	(1,453)
Operating profit	4	2,952	5,569
Interest receivable and similar income	7	-	3
Profit on ordinary activities before taxation		2,952	5,572
Taxation	8	(585)	(670)
Profit for the year		2,367	4,902

All amounts relate to continuing activities.

There was no other comprehensive income in the current or prior year and therefore no statement of other comprehensive income has been prepared.

The notes on pages 12 to 22 form part of these financial statements.

Phlexglobal Limited

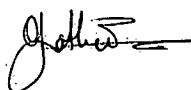
Statement of financial position at 31 December 2021

Company Registration number: 03544670

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	9	5,234	4,346
Tangible assets	10	77	123
Fixed asset investments	11	610	580
		<u>5,921</u>	<u>5,049</u>
Current assets			
Debtors	12	60,852	28,748
Cash at bank and in hand		1,391	4,469
		<u>62,243</u>	<u>33,217</u>
Creditors: amounts falling due within one year	13	(32,119)	(5,296)
Net current assets		<u>30,124</u>	<u>27,921</u>
Total assets less current liabilities		<u>36,045</u>	<u>32,970</u>
Provisions for liabilities	14	(763)	(55)
Net assets		<u>35,282</u>	<u>32,915</u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	852	852
Retained earnings	16	34,429	32,062
Shareholders funds		<u>35,282</u>	<u>32,915</u>

The notes on pages 12 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 February 2023.



D Jethwa
Director

Phlexglobal Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
31 December 2019	1	273	27,160	27,434
Profit for the year	-	-	4,902	4,902
Total contributions by owners	-	579	-	579
31 December 2020	1	852	32,062	32,915
Profit for the year	-	-	2,367	2,367
31 December 2021	1	852	34,429	35,282

The notes on pages 12 to 22 form part of these financial statements.

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

Phlexglobal Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard ('FRS 102') the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies. These critical accounting estimates and judgements are discussed in more detail in note 2.

The following principal accounting policies have been applied:

Going concern

The directors consider that the company has access to sufficient funding to meet its financial obligations as they fall due. In addition, the company is expected to continue to be profitable, generate positive cash flows on its own account for the foreseeable future, and to experience further growth from wider group synergies in the coming year. In addition, the Group is expected to continue to generate positive cash flows for the foreseeable future based upon a detailed budget prepared for 2023 and a forecast for 2024. As a result the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover and revenue recognition

Turnover represents revenue (excluding VAT) earned under a wide variety of contracts to provide a range of different professional services. Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors as accrued revenue and invoices on account in excess of the relevant amount of revenue are included in creditors as deferred revenue.

Software development, intangible assets and amortisation

Software development costs are recognised as an intangible asset when the company 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.

All costs that the directors consider relate to the ongoing maintenance of the underlying platform are expensed directly to the income statement.

Amortisation is recognised on a straight line basis over their estimated useful lives at the following rates:

Trademarks and licences	- over 10 years
Capitalised software development	- over 3 years

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	-	life of the lease
Computer equipment	-	33% on the straight line basis
Fixtures, fittings and equipment	-	25% on the straight line basis

Leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income statement in the year they are payable.

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of comprehensive income within Administrative expenses

Financial assets and liabilities

The company's financial assets and liabilities mainly comprise related party receivables, borrowings and related party payables.

Receivables are non-interest bearing and are recognised at amortised cost as reduced by appropriate allowances for irrecoverable amounts.

Payables are repayable on demand, non-interest bearing and are recognised at fair value on inception and amortised cost in subsequent periods.

Preparation of consolidated financial statements

The financial statements contain information about Phlexglobal Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under the Companies Act 2006 not to prepare consolidated financial statements as the results of the company and its subsidiaries are included within the consolidated financial statements of its ultimate parent, Overture Topco Limited.

Exemption from preparing a cash flow statement

The company has taken the exemption within Chapter 1 of FRS 102, not to prepare a cash flow statement as it is included within the consolidated financial statements of its ultimate parent, Overture Topco Limited, which are publicly available.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to exercise judgement in applying the accounting policies. Estimates and assumptions used in the preparation of the financial statements are continually reviewed and revised as necessary.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets (note 10)

Tangible fixed assets are depreciated over their estimated useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Intangible fixed assets (note 9)

Intangible fixed assets are amortised over their estimated useful lives, with no residual value. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

- Development expenditure (note 9)

Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits

3 Turnover

The company has one class of business and in the year 91% (2020 – 92%) of the company's services were rendered to markets outside the United Kingdom.

4 Operating profit

	2021 £'000	2020 £'000
This is arrived at after charging/(crediting):		
Operating leases:		
- Hire of land and buildings	247	223
- Hire of other assets	44	33
Depreciation of tangible fixed assets	84	102
Amortisation of capitalised software development	3,123	2,306
Auditor's remuneration for statutory audit services	63	24
Auditor's remuneration for taxation services	14	10
Auditors' remuneration for other services	-	15
Loss/(gain) on foreign exchange movements	71	(5)
	<hr/>	<hr/>

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

5 Employees

	2021 £'000	2020 £'000
Staff costs, including directors' remuneration, consist of:		
Wages and salaries	6,399	5,993
Social security costs	705	645
Other post retirement benefit costs	275	284
	<u>7,379</u>	<u>6,922</u>

The average number of employees (including directors) during the year was as follows:

	2021 No.	2020 No.
Clinical services staff	113	105
Administration	49	47
	<u>162</u>	<u>152</u>

6 Key management personnel

The directors are considered to be the key management personnel and their remuneration is set out below:

	2021 £'000	2020 £'000
Directors' emoluments	638	746
Company contributions to money purchase pension schemes	8	9
	<u>646</u>	<u>755</u>

The total amount payable to the highest paid director during the year was £240,000 (2020 - £239,000). Company contributions to the defined contribution scheme for the highest paid director amounted to £7,826 (2020 - £6,750).

There was 1 director (2020 - 3) in the company's defined contribution scheme during the year.

7 Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest	-	3
	<u>-</u>	<u>3</u>

Phlexglobal Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

8 Taxation

	2021 £'000	2020 £'000
<i>UK corporation tax</i>		
Current tax for the year	561	1,059
Fixed asset differences	7	2
Expenses not deductible for tax purposes	110	-
R&D expenditure credits	37	-
Group relief claimed	(335)	(494)
Adjustments to tax charge in respect of previous year	(546)	(259)
	<u>(166)</u>	<u>308</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	550	12
Adjustments to tax charge in respect of previous year	201	350
	<u>751</u>	<u>362</u>
Taxation on ordinary activities	<u>585</u>	<u>670</u>

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to the result before tax. The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	<u>2,952</u>	<u>5,572</u>
Tax charge calculated at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	561	1,059
Effects of:		
Expenses not deductible for tax purposes	110	-
Fixed asset differences	7	2
Differences in tax rates	170	-
R&D expenditure credits	37	-
Timing differences	-	12
Group relief claimed	(335)	(494)
Adjustments to tax charge in respect of previous year	35	91
	<u>585</u>	<u>670</u>
Total tax charge for the year	<u>585</u>	<u>670</u>

Phlexglobal Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

8 Taxation (continued)

The deferred tax balances comprise:

	Deferred tax Liability £'000
At 1 January 2021	(43)
Short term timing differences	550
Credited to the income statement in the year	201
	<hr/>
At 31 December 2021	708
	<hr/>

The deferred tax liability is made up as follows:

	£'000
Short term timing differences	(10)
Fixed asset timing differences	718
	<hr/>
	708
	<hr/>

Phlexglobal Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

9 Intangible fixed assets

	Capitalised software development £'000	Trademarks and licences £'000	Total £'000
<i>Cost</i>			
At 1 January 2021	10,882	116	10,998
Additions	4,011	-	4,011
At 31 December 2021	14,893	116	15,009
<i>Amortisation</i>			
At 1 January 2021	6,536	116	6,652
Charge for the year	3,123	-	3,123
31 December 2021	9,659	116	9,775
<i>Net book value</i>			
At 31 December 2021	5,234	-	5,234
At 31 December 2020	4,346	-	4,346

10 Tangible assets

	Leasehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>				
At 1 January 2021	498	1,151	250	1,899
Additions	-	38	-	38
At 31 December 2021	498	1,189	250	1,937
<i>Depreciation</i>				
At 1 January 2021	429	1,099	248	1,776
Charge for the year	39	43	2	84
At 31 December 2021	468	1,142	250	1,860
<i>Net book value</i>				
At 31 December 2021	30	47	-	77
At 31 December 2020	69	52	2	123

Phlexglobal Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

11 Fixed asset investments

Company	Subsidiary undertakings 2021 £'000	Subsidiary undertakings 2020 £'000
<i>Opening Balance</i>	580	1
Additions during the year ¹	30	579
Cost and net book value	610	580

The company has the following subsidiary undertakings:

Name	Address and country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Phlexglobal Inc	200 Lindenwood Drive Malvern, PA 19355, USA	Ordinary, 100%	The provision of clinical research services
Phlexglobal Poland SP Zoo	4th Floor, Building A, 6 Szeligowskiego St., Lublin, Poland	Ordinary, 100%	The provision of clinical research services
Phlexglobal GmbH	Luise-Ullrich-Strasse 20 80636 Munich, Germany	Ordinary, 100%	Holding company

12 Debtors

	2021 £'000	2020 £'000
Trade debtors	3,094	2,640
Prepayments and accrued income	585	540
Amounts due from group companies	57,074	25,525
Taxation and social security	99	-
Deferred tax asset	-	43
	60,852	28,748

Balances with subsidiary undertakings are interest free and repayable on demand. All amounts fall due for repayment in less than one year,

¹ Capitalisation of costs involved in the acquisition of "Phlexglobal GmbH"

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	629	301
Corporation tax	298	821
Other creditors	574	288
Accruals and deferred income	2,071	827
Taxation and social security	-	313
Amounts due to group companies	28,547	2,746
	<u>32,119</u>	<u>5,296</u>

The increase in amounts due to group companies relates to the bank loan draw drawn via group companies.

14 Provisions for liabilities

	Property provisions £'000	Deferred tax liability £'000	Total £'000
At 1 January 2021	55	-	55
Charged to the income statement in the year	-	201	201
Other timing differences	-	550	550
Adjusted b/f DTA	-	(43)	(43)
	<u>55</u>	<u>708</u>	<u>763</u>
At 31 December 2021	55	708	763

Property provisions relate to the directors' estimate of dilapidations payable on expiry of property leases held by the group.

15 Share capital

	Allotted, called up and fully paid		
	2021 Number	2020 Number	2021 £
Ordinary shares of 1p each	16,951	16,951	170
	<u>16,951</u>	<u>16,951</u>	<u>170</u>

16 Reserves

The Company's reserves are as follows:

- Share premium reserve represents the amount in excess of the nominal value of the shares issued.
- Retained earnings represents cumulative profits or losses.

Phlexglobal Limited

Notes forming part of the financial statements for the year ended 31 December 2021 (continued)

17 Commitments under operating leases

The fair value of minimum lease payments payable on the company's operating leases were as follows:

	Land and buildings 2021 £'000	Land and buildings 2020 £'000
Within one year	185	334
In two to five years	34	590
In more than five years	-	191
	<hr/>	<hr/>
	219	1,115
	<hr/>	<hr/>

18 Related party transactions and ultimate controlling party

The company has taken advantage of the exemption not to disclose transactions with wholly owned subsidiaries within the Group headed by Overture Topco Limited, since that company publishes consolidated financial statements.

The ultimate controlling party of the Group and Company at the balance sheet date was certain funds advised by Vitruvian Partners. Since the year end, the Group and Company were acquired by PharmaLex GmbH, which was the ultimate controlling party from 24 January 2022 to 31 December 2022. On 1 January 2023 the PharmaLex Group were acquired by AmerisourceBergen Corporation, which is now the ultimate controlling party (refer to note 20).

19 Post retirement benefit costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £275,000 (2020 - £284,000). Contributions totalling £41,857 (2020 - £48,279) were payable to the fund at the year end and are included in creditors.

20 Post balance sheet events

On the 24 January 2022 Overture Topco Limited and its subsidiaries were acquired by PharmaLex UK Bidco Limited. PharmaLex Group are a leading provider of specialized services for the pharma, biotech and medtech industries worldwide.

As part of the acquisition, the company received an intercompany loan payable to PharmaLex UK Bidco Limited for £9,055,238. The interest is compounded annually at a rate of 6% and is repayable on 31 December 2026. On receipt of this loan, the company issued a loan to its subsidiary, Phlexglobal Inc for £3,218,597, with the same loan terms.

On 12 September 2022, the PharmaLex Group announced that AmerisourceBergen Corporation has signed a definitive agreement to acquire the Group. The transaction will advance AmerisourceBergen's role as partner of choice for biopharmaceutical manufacturers by enhancing AmerisourceBergen's global portfolio of solutions to support manufacturer partners across the pharmaceutical development and commercialisation journey. The transaction was closed on 1 January 2023.