

# Premier Research Group Limited

Annual report and financial statements

31 December 2019

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**Premier Research Group Limited**  
**Company number: 04671020**  
Annual report and financial statements 2019

## **Company Overview**

### ***Directors***

Ludo Reynders and Thomas Perkins

### ***Company Secretary***

Thomas Perkins

### ***Registered Office***

250 South Oak Way, Reading, England, RG2 6UG

### ***Principal Trading Address***

250 South Oak Way, Reading, England, RG2 6UG

### ***Bankers***

HSBC UK Bank PLC

### ***Independent Auditors***

Ernst & Young LLP, Apex Plaza, Forbury Road, Reading, United Kingdom

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## Strategic report

### Business Overview

Premier Research Group Limited (the "Company") is a contract research organization "CRO", providing outsourced development services to the pharmaceutical, biotechnology and medical device industries. The company is a leading clinical development service provider that helps highly innovative biotech and specialty pharma companies transform breakthrough ideas into reality. The Company has a wealth of experience in the execution of global, regional and local clinical development programs with a special focus on addressing unmet needs in areas, such as analgesia, dermatology, medical device, neuroscience, oncology, paediatric, and rare disease.

### Strategic and Operational Review

Premier Research Group plans to be the leading provider of clinical development services to biopharmaceutical innovators worldwide. Premier Research Group has been developing a tailored service offering that meets the diverse and distinct needs of our target market.

Premier Research Group has focused on key therapeutic areas, product categories and customer segments where it has an established capability and service offering.

The Company will create increased value by developing its people and strengthening the processes and systems necessary to drive efficiency and meet the objectives of its clients.

### Financial Review

#### *Financial Performance*

The results of the year are shown on page 11 of the Financial Statements. The Directors do not propose the payment of a dividend for the year ended 31 December 2019. The Company performance is monitored and assessed using a wide range of key performance indicators including net revenue and gross profit. Management reporting is produced on a monthly basis, which monitors actual performance against budgeted and forecast figures.

Revenue for the year increased by £13.2m, from £45.3m for the year ended 31 December 2018 to £58.5m for the year ended 31 December 2019. Gross profit for the period increased to £6.9m (2018: profit of £5.1m). These results reflect the continued growth of the company. Profit before tax for the period was £5.8m (2018: £1.4m). This is due to decrease in the recharges from our subsidiaries in 2019 via the Transfer Pricing policy.

On 3<sup>rd</sup> July 2019, the Company signed a new lease for a property. The current lease is due to expire in 2021 and £154,000.00 has been provided for dilapidations in these financial statements.

The address of the new leased property is Suites 17-23, Second Floor, 250 South Oak Way, Green Park, Reading. The term of new lease is ten years and will expire on 2<sup>nd</sup> July 2029. Annual rent has been agreed at £423,835.

### Principal Risks and Uncertainties

The Board of Directors is responsible for assessing and monitoring business risk. Regularly scheduled board meetings are held to oversee potential risks and areas of uncertainty to ensure that the Company is appropriately addressing operational and financial risks when and if they arise.

Key business risks include 'client risk' and 'delivery risk'. These include the Company's ability to win new work orders and to deliver on customer contracts within budgets and on a timely basis. The Company is also exposed to foreign exchange risks derived from operating in many different geographical markets.

Client risk relates to the ability of the Company to generate new business awards from new and existing customers and maintain existing customer contracts. Our inability to generate new business awards on a timely basis and subsequently enter into contracts for such awards could have a material adverse effect on our business, financial condition, results of operations or cash flows. The Company is managing Client risk through building deeper relationships with existing clients and pro-actively targeting new clients.

## **Strategic report (continued)**

### **Principal Risks and Uncertainties (continued)**

Delivery risk relates to the ability of the Company to perform its services in accordance with formal contractual requirements and complex regulatory standards and requirements. The Company's reputation is founded on sound, effective and professional delivery of its services, on budget, on time. This avoids customer disputes and minimises costs. The Company actively manages delivery risk through the use of many standard operating procedures adherence to which is frequently audited by internal and client auditors. The Company also places significant importance on strong management controls, detailed financial reporting, the hiring of appropriately qualified staff and the continuous training and development of all personnel.

Brexit may have an effect on operations of the entity. However, we are still uncertain on the effect until we know how UK will exit the EU. We have assessed the potential risk which is deemed to be mainly administrative impacts.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus disease (COVID-19) as a pandemic. As national and local governments reacted to this public health crisis, significant disruption occurred in social norms as well as in economic activity. While demand for clinical development services continued substantially unchanged, activities that depend on significant staff travel and physical access to clinical research centres were impacted. In response to these challenges, the Company, its vendors and partners took steps to continue their activities by moving to a virtual working model including accessing clinical sites as well as patient data electronically. While we experienced short term transition inefficiencies, these challenges have proven to be transient.

We cannot predict the effects the pandemic may have on our business or on our financial results in the future. We have considered available information in respect of our customer, supply chain, people and infrastructure against a backdrop of management information since the year-end and the inherent uncertainties of the COVID-19 pandemic. Notwithstanding this risk, the Company and its directors are confident to have the systems and processes in place to support the unencumbered continuation of its activities both in a pandemic-driven virtual environment and in a post-pandemic environment. The Directors therefore believe the Company is in a strong position to reasonably mitigate any material impacts to the Company's near-term and long-term revenue, earnings, liquidity and cash flows.

## Strategic report (continued)

### Section 172 Statement

The following Section 172 disclosure, which is required under the Companies Act 2006, describes how the Company directors consider stakeholder interests in their decision-making process and promote the success of the Company for the benefit of all parties.

The principle decision makers of Premier Research Group Limited are the Board of Premier Research Holdings Inc. The Board, in conjunction with Executive Management, sets the priorities and provides the governance framework within which the Company operates.

Stakeholder Group	Strategic importance	Engagement	Key topics of engagement & input obtained	Outcomes & Actions
Employees	As a service company our employees are key to our business. It is important that our staff are engaged, trained and motivated to provide high quality service to our customers.	<p>The Company designed and implemented a new intranet, The Hub, to better communicate with employees.</p> <p>The Company acquired and implemented a new Learning Management System containing a comprehensive library of courses to provide staff with the knowledge and skills to perform their role.</p> <p>The Company designed and implemented a number of new career development training courses.</p>	<p>Company updates, news announcements, human interest stories, SOPs and templates.</p> <p>All staff are assigned training courses according to the role they are to perform. Standard Operating Procedures, Company Policies, Business Rules, and selected best practices.</p> <p>Staff Academy; Manager Academy; Accelerated Project Performance Execution (APPEX) Program; Enhanced Onboarding Program.</p>	<p>Better global communications, engagement, information, and coordination.</p> <p>Enhanced curriculum, better learning analytics, Increased staff proficiency, increased staff currency, increased audit capability, ability to externalize and record training programs.</p> <p>Leadership, team building, accountability, emotional intelligence, communication, collaboration, high performance teaming, faster and higher quality onboarding.</p>

## Strategic report (continued)

Stakeholder Group	Strategic importance	Engagement	Key topics of engagement & input obtained	Outcomes & Actions
Clients & Sponsors	Prove the value of our Built For Biotech service with a focus on oncology product development. Global expansion into APAC and new regulatory service offering. Improved customer engagement and expansion (global partnerships, targeted campaigns, thought leadership). Go-to-market strategies that were focused on prioritizing issue-based solutions (Patient Access, Regulations, Data Quality, Therapeutic Expertise, and Study Design).	The company offered a strategic combination of industry acumen, global compliance, and therapeutic expertise and engages through the following: <ul style="list-style-type: none"> <li>• In-person meetings and events (bid defence, contractual, networking, conferences).</li> <li>• Thought leadership and content development (white papers, blogs, social media, industry presentations, webinars, and workshops).</li> <li>• Sponsor/Study Team Insight (ongoing study feedback, audit/assessment reports).</li> <li>• Vendor, patient, and investigator relations (Alliance Program, Investigator Database, Patient Advocacy Program).</li> </ul>	A selection of 2019 topics in our areas of greatest strategic importance include: <p>Blog: Considerations for Operationalizing Paediatric Oncology Studies</p> <p>Blog: Untapped Potential: Asia-Pacific's Growing Role in Drug Research</p> <p>Article (published in PM360): 3 Critical Challenges: Fulfilling the Promise of Precision Oncology</p> <p>White Paper: Strategic Planning for Compliance with the EU Medical Device Regulation</p> <p>Webinar: In The Spotlight: Recent FDA Updates And Guidance For Rare Disease Drug Development</p> <p>Guide: Six Issues to Consider for Rare Disease Pre-IND Meetings</p>	Key metrics for 2019 activities: <p>1,600+ total webinar registrations</p> <p>1,600+ white paper downloads</p> <p>462K website page views</p> <p>33% of all opportunities generated classified as oncology or rare disease /paediatrics</p> <p>53,000 LinkedIn followers</p>
Suppliers and partners	Suppliers and partners bring services and expertise to complement our internal capabilities in the delivery of clinical development programs. Paying promptly to terms is important for supplier and partner relationships.	The company utilizes an eProcurement and Supplier Management System that provides third party engagement through supplier onboarding and management, services sourcing, requisition creation and invoicing.	All clinical suppliers receive onboarding to ensure data accuracy and governance as well as capability to communicate within the application and create invoices. Dedicated staff monitor and manage the system to ensure consistent supplier data governance, Requisition/Purchase Order creation for clinical work orders and Invoice status monitoring to ensure timely payment.	Single source of supplier information for consistent data governance ensuring correct points of contact to facilitate invoice submission, approval and payment to terms.

**Strategic report (continued)**

Topic	Strategy	Business Model	Key Performance Indicators	Impact
Society, Community and the Environment	The Company is committed to helping our customers answer unmet needs of Patients across a broad range of medical conditions.	We engage with customers, suppliers and partners to deliver clinical development programs, including for rare diseases, to provide life changing treatments for patients.	The Company conducts clinical trials and provides support through the Marketing Authorization Application process to bring new medicines to market.	Successful conduct, data collection and analysis of the clinical trial.
	The Company encourages employees to be active in the community and support causes that are meaningful to them.	In addition to Premier Research's global support for Jeans for Genes day (research to find cures for children's genetic diseases) UK Employees organize themselves into groups to support national and local community/charitable projects.	These activities have resulted in on-going associations with the Pancreatic Cancer Research Fund, Macmillan Cancer Support, The Royal British Legion, the local Food Bank, The Cowshed, British Lung Foundation, Royal Marsden, a local hospice and 'The Giving Tree' appeal at Christmas providing gifts to underprivileged children.	Employees make a difference in the community, feel more connected to each other and the Company.
	The Company recognizes the importance of monitoring and managing its environmental performance. We are committed to improving business processes to reduce our impact on the environment.	Improving our environmental management system by reviewing internal processes with a view towards conservation and reducing our impact on the environment.	Promote awareness with employees, through induction training and annual updates, to work in an environmentally responsible manner. Engage with suppliers and partners to ensure they have programs aimed at improving their impact on the environment. Reduce waste and carbon footprint by purchasing recycled or recyclable products where that use is unavoidable.	Limiting travel to reduce carbon omissions. Reducing the use of paper in the office. Purchase recycled and recyclable products. Avoid use of hazardous cleaning materials. Conservation of energy at our offices.



L Reynders  
Director  
Date: 6<sup>th</sup> November 2020



## Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

### Financial Results

The audited accounts for the Company for the year ended 31 December 2019 are set out on pages 11 to 30. The Company's profit for the year after taxation from continuing operations was £5,609,000 (2018 profit: £1,163,000).

### Directors and directors' interests

The directors who held office during the year and to the date of this report were as follows:

L Reynders  
A C Nicholson (resigned 31<sup>st</sup> March 2020)  
T Perkins (appointed 31<sup>st</sup> March 2020)

### Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

### Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

### Future Developments

The company is expected to continue to enhance our capabilities through organic service development.

### Going Concern

The Directors have considered the ability of the company to continue as a going concern for a period of at least 12 months from the signing of these financial statements. Having assessed the standalone cash flow of the company over this period, the Directors have assessed that the company is reliant on support from its parent company. A letter of support has further been provided from Premier Research Holdings Inc. confirming that it has the ability to and will provide financial support to the company for at least the next 12 months from the date of approval of these accounts. The Directors have assessed the ability of the parent company to provide this support, including reviewing cash flow forecasts for the 12 months following the date of approval of these accounts. Notwithstanding the risk posed to the group by COVID-19 as disclosed in the strategic report and note 20, no material uncertainties have been identified which would cast doubt on the ability of the parent company to provide this support. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Post balance sheet event

Refer to note 20 and the strategic report for further details regarding post balance sheet events and the Directors' assessment of the impact of the COVID-19 pandemic.

**Directors' report (continued)**

**Disclosure of information to the auditor**

As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information. Words and phrases used in this confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the appointed independent auditors for 2019 are Ernst & Young LLP.

By order of the Board

A handwritten signature in black ink, appearing to read 'L. Reynders', with a horizontal line underneath it.

L Reynders  
Director  
Date: 6<sup>th</sup> November 2020

Registered office:  
250 South Oak Way  
Green Park  
Reading  
Berkshire  
RG2 6UG

## Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. 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 financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER RESEARCH GROUP LIMITED**

### **Opinion**

We have audited the financial statements of Premier Research Group Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and the related notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Emphasis of matter – Effects of COVID-19**

We draw your attention to note 20 of the financial statements, which describes the economic and social consequences the Company is facing as a result of COVID-19 and specifically the ability of the company to deliver on its short and long term revenue targets as the Company introduced a virtual working model. Our opinion is not modified in respect of this matter.

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

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

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

### **Other information**

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER RESEARCH GROUP LIMITED (Continued)

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

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

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

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

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 directors' report.

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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.

*Ernst & Young LLP*

Evangelos Gkirtsos, (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP,  
Reading, UK  
Date: 10<sup>th</sup> November 2020

**Statement of comprehensive income**  
For the year ended 31 December 2019

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
Turnover	4	58,531	45,266
Cost of Sales		<u>(51,652)</u>	<u>(40,123)</u>
Gross Profit		<u>6,879</u>	<u>5,143</u>
Administrative expenses		(1,406)	(4,178)
Operating profit	5	5,473	965
Interest receivable and similar income	7	485	406
Interest payable and similar expenses	8	(164)	(9)
Profit on ordinary activities before taxation		<u>5,794</u>	<u>1,362</u>
Tax on profit	10	<u>(185)</u>	<u>(199)</u>
Profit for the financial period		<u>5,609</u>	<u>1,163</u>
Total comprehensive profit for the financial period		<u><u>5,609</u></u>	<u><u>1,163</u></u>

All amounts are derived from continuing operations.

The notes on pages 14-30 form part of these financial statements.

Premier Research Group Limited  
Company number: 04671020  
Annual report and financial statements 2019  
**Statement of Financial Position**

As at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed Assets</b>			
Right of use assets	14	2,582	-
Tangible assets	11	1,942	787
Investments	12	309	309
		<u>4,833</u>	<u>1,096</u>
<b>Current assets</b>			
Trade debtors	13	4,974	4,135
Amounts owed by subsidiary undertakings	13	37,716	25,678
Amounts owed by parent company	13	278	285
Other debtors	13	1,649	1,530
Prepayments and accrued income	13	3,116	1,654
Cash at bank and in hand		2,723	6,326
Net current assets		<u>50,456</u>	<u>39,608</u>
<b>Creditors: amounts falling due within one year</b>			
Trade Creditors	15	(1,049)	(666)
Amounts owed to subsidiary undertakings	15	(38,516)	(34,330)
Other creditors	15	(796)	(444)
Short Term Lease Liabilities	14	(207)	-
Accruals and deferred income	15	(9,683)	(8,775)
		<u>(50,251)</u>	<u>(44,215)</u>
<b>Total assets less current liabilities</b>		<u>5,038</u>	<u>(3,511)</u>
<b>Creditors: amounts falling due after more than one year</b>			
Long Term Lease Liabilities		(2,940)	-
<b>Net assets /(liabilities)</b>		<u>2,098</u>	<u>(3,511)</u>
<b>Capital and reserves</b>			
Share capital	17	-	-
Share premium		-	-
Capital redemption reserve fund		-	-
Retained earnings	16	2,098	(3,511)
<b>Total equity</b>		<u>2,098</u>	<u>(3,511)</u>

The notes on pages 14-30 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 6<sup>th</sup> November 2020. They were signed on its behalf by:

L Reynders  
Director



**Statement of changes in equity**  
For the year ended 31 December 2019

	Share Capital £000	Share Premium £000	Capital Contribution Reserve £000	Retained Earnings £000	Restated Total Equity £000
Balance at 1 January 2018	--	--	--	(4,333)	(4,333)
Transition to IFRS 15	--	--	--	(341)	(341)
Profit for the period	--	--	--	1,163	1,163
At 31 December 2018	--	--	--	(3,511)	(3,511)
Profit for the period	--	--	--	5,609	5,609
At 31 December 2019	--	--	--	2,098	2,098

The notes on pages 14-30 form part of these financial statements.



## 1. General information

Premier Research Group Limited (the "Company"), is a company incorporated and domiciled in the United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business are given in the directors' report. The principal activity of the Company is that of a professional services organisation providing clinical development services to the pharmaceutical, biotechnology and medical device industries. The financial statements of Premier Research Group Limited for the year ended 31 December 2019 were authorised for issue by the board of directors on 6<sup>th</sup> November 2020 and the statement of financial position was signed on the board's behalf by L Reynders.

The largest and smallest group in which the Company is consolidated into is Premier Research Holdings, Inc. The consolidated financial statements of Premier Research Holdings, Inc. may be obtained from the Company's registered office at the address shown on the Director's report.

The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the Company.

### Basis of preparation

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('EU-adopted IFRS') have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

### Going Concern

The Directors have considered the ability of the company to continue as a going concern for a period of at least 12 months from the signing of these financial statements. Having assessed the standalone cash flow of the company over this period, the Directors have assessed that the company is reliant on support from its parent company. A letter of support has further been provided from Premier Research Holdings Inc. confirming that it has the ability to and will provide financial support to the company for at least the next 12 months from the date of approval of these accounts. The Directors have assessed the ability of the parent company to provide this support, including reviewing cash flow forecasts for the 12 months following the date of approval of these accounts. Notwithstanding the risk posed to the group by COVID-19 as disclosed in the strategic report and note 20, no material uncertainties have been identified which would cast doubt on the ability of the parent company to provide this support. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

- i) The requirements of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- ii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e), and the reconciliation of the carrying value of intangible assets (IAS 18.118e);
- iv) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- v) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- vi) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and

## 1. General information (continued)

- vii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.
- viii) The requirements of paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127, and 129 of IFRS 15 - Revenue from Contracts with Customers

For the disclosure exemptions listed in points i) and ii), the equivalent disclosures are included in the consolidated financial statements of the group, Premier Research Holdings, Inc., which the Company is consolidated into and that are publicly available from the Company's registered office.

In these financial statements, the Company has not taken advantage of the following disclosure exemptions on the basis that they are not relevant to the Company's transactions and activities during the current or prior year:

- i) The applicable requirements of IFRS 3 'Business Combinations' relating to the disclosures of an acquired business;
- ii) The applicable requirements of IFRS 5 'Non-current Assets Held for Sale' paragraph 33c relating to the disclosure of cash flows associated with discontinued operations;
- iii) The requirement of IAS 1 'Presentation of Financial Statements' paragraph 38 relating to the disclosure of comparative information in respect of the reconciliation of the carrying amount of investment property;
- iv) The requirement of IAS 1 'Presentation of Financial Statements' relating to disclosures associated with retrospective restatement (IAS 1.10f), comparative information (IAS 1.38A to 38D, 40A to 40D);
- v) The applicable requirements of IFRS 2 'Share-based Payment' relating to the disclosure of the number and weighted average exercise prices of the share-based payments and how the fair values for the share-based payments have been determined.
- vi) The requirements of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments.

## 2. Accounting policies

### Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment. Loans to subsidiary undertakings which are deemed long term investments in nature are initially recorded at fair value in the statement of financial position and subsequently at amortised cost using an effective interest rate methodology.

### Revenue recognition

For these financial statements, the year ending 31 December 2019, the company has applied the new accounting standard IFRS 15 *Revenue from Contracts with Customers*. The revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognised. IFRS 15 requires revenue to be recognised when a customer obtains control of promised goods or services in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In addition, the new standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The company has adopted the following revenue recognition policy in line with the five step-model set out within IFRS 15:

- **Identifying the contract with the customer**

The Company has established agreements and work orders with its customers that fall under the scope of IFRS 15. A contract can be a single agreement or multiple agreements that were negotiated together as a single arrangement. A contract is the final understanding between the parties as to the specific nature and terms of the agreed-upon transaction. A contract must meet the following criteria: – (a) approval & commitment; (b) identification of rights; (c) identify payment terms; (d) contract has commercial substance; and (e) collection is probable.

## 2. Accounting policies (continued)

- **Identify all the individual performance obligations within the contract**

IFRS 15 requires an entity to assess the goods or services promised in a contract and identify as a performance obligation each promise to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct, or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Based upon a review of existing contracts, a majority of the Company's contract revenue agreements contain the following types of services:

- (1) Study start-up
- (2) Project management
- (3) Clinical operations
- (4) Medical management
- (5) Data management
- (6) Biostatistics

The Company's services are highly interrelated and interdependent; delivering value to the customer bundled together. Therefore, all of these services have been determined to represent a single combined performance obligation, inclusive of service fees, pass through costs and investigator grants combined. Service fees, pass through costs and investigator grants have been deemed interdependent costs of one another and are incurred in order to fulfil the overall delivery of the contract specifications.

- **Determine the transaction price (including any variable consideration)**

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, including amounts collected on behalf of third-party vendors. The consideration promised in an agreement with a customer may include fixed amounts (inclusive of service fees, pass through costs and investigator grants), variable amounts, or both. Examples of variable consideration is inflation revenue.

- **Allocate the transaction price to an individual performance obligation**

The Company's contracts have a directly observable transaction price pertaining to each promised good or service. When more than one performance obligation exists, the Company allocates the transaction price to each performance obligation. As the Company's contracts have been deemed one performance obligation, the transaction price is allocated as one.

- **Recognition of revenue**

An entity should recognize revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when (or as) the customer obtains control of that good or service. The Company provides its services over the life of the agreement and, therefore, each contract is satisfied over time. The Company uses a percentage of completion method to determine the value of revenue earned over time to fully deliver the promised good or service to a customer.

Payment for services is usually invoiced upon the completion of operational milestones. Pass through expenses are invoiced monthly. Payment terms vary between 30 to 60 days on average.

In addition to the above noted contract type, the Company also engages to perform some services on a time and materials or unit basis whereby revenue is recognized as services as time is expended or units completed.

## 2. Accounting policies (continued)

### IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, replaced IAS 39 Financial Instruments: Recognition and Measurement bringing all three aspects of the accounting together for financial instruments; classification and measurements; impairment; and hedge accounting.

The adoption of IFRS 9 has changed the company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Financial assets are classified using a principles-based approach in three measurement categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss. Classification is performed on initial recognition of the asset based on the characteristics of the asset and the local business model. The vast majority of the company's financial assets are currently recorded at amortised cost and this will continue to be the case.

For financial liabilities, there are no significant classification and measurement changes compared to IAS 39.

To measure the expected credit losses, trade receivables have been grouped based on shared characteristics and the days past due. The company has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for each aging bucket based on historical debt trends of our portfolio of customers for the last two reporting periods.

Trade and other receivables are held to collect contractual cash flows, classified under the 'hold to collect' business model and measured at amortised cost. Under IAS 39, trade and other receivables were classified as 'loans and receivables' and also measured at amortised cost. Contractual cash flows represent 'solely payments of principal and interest' (Trade and other receivables are not interest bearing).

Unbilled receivables, other receivables and cash and cash equivalents were assessed for expected credit loss, with the risk immaterial due to the nature of the financial assets under assessment. No provision was recorded as a result of adopting IFRS 9.

### Leasing

#### Policies applicable prior to 1 January 2019

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

#### Policies applicable from 1 January 2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### i) Company as a lessee

The Company leases copiers and buildings. These leases tend to be 5-10 years in length but may have break or extension options, which are reviewed by the Board on an individual basis when they fall due.

Management has made certain judgements on lease terms based on the company's current expectations of whether break or renewal options will be taken. In arriving at these judgements, management has considered its current business plans.

The Company applies a single recognition and measurement approach for all leases, including short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## 2. Accounting Policies (continued)

### Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as shown in note 11 Property, Plant and Equipment.

### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The IBR is calculated by Company borrowing margin rate and additional risk-free rate based on the market yield on US securities. As the company has no external borrowings and utilises group funding, management have deemed it appropriate to utilise group rates in determining the IBR.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and the carrying amount of lease liabilities is remeasured if there is a modification.

The Company's lease liabilities are included in note 14.

### Impact of new accounting standards

IFRS 16 supersedes IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The adjustment required on adoption IFRS 16 as at 1 January 2019 (increase / (decrease)) is as follows:

	£000
<b>Assets</b>	
Property, Plant and equipment (right of use)	341
Finance Lease Receivable	--
<b>Total Assets</b>	<u>341</u>
<b>Liabilities</b>	
Accruals	--
Lease Liabilities	341
<b>Total Liabilities</b>	<u>341</u>
<b>Total Adjustment</b>	<u>--</u>

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases including short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company, being:

## 2. Accounting Policies (continued)

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Elected not to apply the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Elected not to apply the low value practical expedient.
- Elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its previous assessments made.

### Leases previously classified as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, including short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	£000
<b>Operating Lease Commitments as at 31 December 2018</b>	326
Less: Immaterial leases not included in prior year disclosure	46
Weighted average incremental borrowing rate as at 1 January 2019	6.76%
Discounted Operating lease commitments as at 1 January 2019	(31)
<b>Lease liabilities as at 1 January 2019</b>	<u>341</u>
 Current	 126
Non-Current	<u>215</u>
	<u>341</u>

### **Foreign currencies**

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

### **Retirement benefit costs**

The company operates a defined contribution retirement benefit scheme. The contributions are expensed as incurred.

### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of Income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## 2. Accounting policies (continued)

### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Company's Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax asset and liabilities on a net basis.

### **Tangible and Intangible assets**

#### Property, plant and equipment

The Company has held no land and buildings for the period covered by the financial statement.

Other items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less residual value over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements	-	Over the period of the lease
Furniture & fixtures	-	7 years
Motor vehicles	-	4 years
Computer equipment	-	3 years
Mobile phones	-	2 years

The Gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income on the transfer of the risks and rewards of ownership.

The Company has no class of tangible fixed asset that has been revalued.

### **Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company has the following categories of financial assets and liabilities:

#### **Trade and other receivables**

Trade receivables, which generally have 30-90-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

## 2. Accounting policies (continued)

### Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less and are stated at cost, which approximates market value.

### Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

### Bank borrowings

Other financial liabilities, including borrowings, are initially measured at fair-value, net of transaction costs.

### De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## 3. Critical judgements and estimations in applying the Company's accounting policies

The preparation of financial statements in conformity with FRS101 requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, revenues and expenses. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. Such estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, lease terms, allowance for doubtful debts, income taxes and contingencies.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

### Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 14 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.



### 3. Critical judgements and estimations in applying the Company's accounting policies *(continued)*

#### Estimate to complete revenue recognized

As revenue from service agreements and fixed price contracts is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. For services agreements this requires an estimate of the quantity of the services to be provided, based on historical experience with similar contracts. In a similar way, recognising revenue for fixed price contracts also requires significant judgment in determining the estimated number of hours required to complete the promised work when applying the hours-to-hours method. Company review recognition of fixed price contract based on the estimated stage of completion of each contract. A judgement is made based on costs to date against total expected costs and revenue is recognised based on this estimate.

#### 4. Revenue

	Year ended 31 December	
	2019	2018
	£000	£000
United Kingdom	30,249	25,129
Europe	81	400
Australia	47	63
USA	9,734	4,756
Pass-through revenue	18,420	14,918
Total revenue	<u>58,531</u>	<u>45,266</u>

Pass-through revenue is 100% reimbursable from the customer, with the corresponding expense residing in cost of sales.

#### 5. Operating profit for the year

The operating profit is stated after charging / (crediting):

	Year ended 31 December	
	2019	2018
	£000	£000
Net foreign currency exchange (gain)/loss	(643)	383
Depreciation of ROU assets (note 14)	331	-
Depreciation of property, plant and equipment (note 11)	529	384
Operating lease rental expense (note 14)	-	131
Employee benefit costs (note 9)	595	490

#### 6. Auditor's remuneration

Fees payable to the Company's auditors and its associates:

	Year ended 31 December	
	2019	2018
	£000	£000
Audit of the Company's financial statements	37	33
Auditor's remuneration	<u>37</u>	<u>33</u>

**7. Finance income**

	Year ended 31 December	
	2019	2018
	£000	£000
Interest receivable on amounts due from affiliate undertakings	<u>485</u>	<u>406</u>
Finance income	<u><u>485</u></u>	<u><u>406</u></u>

**8. Finance costs**

	Year ended 31 December	
	2019	2018
	£000	£000
Interest payable on amounts due to affiliate undertakings	-	9
Interest payable on right of use leases	<u>164</u>	<u></u>
Finance costs	<u><u>164</u></u>	<u><u>9</u></u>

**9. Staff costs**

	Year ended 31 December	
	2019	2018
	£000	£000
Wages and salaries	8,812	7,162
Social security costs	1,025	857
Other pension costs	<u>595</u>	<u>491</u>
Staff costs	<u><u>10,432</u></u>	<u><u>8,510</u></u>

Staff costs presented above are inclusive of the directors' remuneration.

The average number of persons, including executive directors, employed by the Company during the year is as follows:

	2019	2018
	Number	Number
Administrative and management	45	41
Technical	81	76
Sales and marketing	<u>12</u>	<u>11</u>
Average number of persons	<u><u>138</u></u>	<u><u>128</u></u>

**9a Directors' remuneration**

	Year ended 31 December	
	2019 £000	2018 £000
Directors' remuneration	248	240
Bonus	114	0
Contribution to pension scheme	<u>23</u>	<u>22</u>
	<u>385</u>	<u>262</u>

	Year ended 31 December	
	2019 £000	2018 £000
In respect of the highest paid director:		
Aggregate remuneration	236	228
Bonus	114	-
Car allowance	12	12
Pension contributions	<u>23</u>	<u>22</u>
Directors' remuneration	<u>385</u>	<u>262</u>

The above remuneration refers to one director who left the Company in April 2020. It does not include an accrual for his remuneration in 2020 of £342k which is included in Statement of Comprehensive Income. All other directors are remunerated by Premier Research International LLC. These director's time is deemed inconsequential to the company and as such their remuneration has not been disclosed.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018: 1)

**10. Tax**

	Year ended 31 December	
	2019 £000	2018 £000
Corporation tax charges:		
Adjustments in respect of prior year	-	12
Current year	<u>185</u>	<u>187</u>
Tax	<u>185</u>	<u>199</u>

Corporation tax is calculated at 19.0% (2018: 19%) of the estimated taxable profit for the year.

# 10. Tax (continued)

The tax charge for each year can be reconciled to the loss per the income statement as follows:

	Year ended 31 December	
	2019 £000	2018 £000
Profit before tax on continuing operations	5,794	1,362
Tax at the UK corporation tax rate of 19%	1,101	259
Tax effect of:		
Expenses that are not deductible in determining taxable profit	37	16
Utilisation of losses brought forward	(943)	(159)
Other timing differences on which deferred tax not recognised	(10)	83
Research and development adjustment in respect of prior years	-	(12)
Adjustment in respect of prior years	-	12
Non-taxable income	-	-
Tax expense for the year	185	199

The Company's effective tax rate differs from the United Kingdom statutory rate primarily due to unrecognized losses in the period. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. However, in the March 2020 Budget it was announced that the reduction in UK rate to 17% will now not occur and Corporation Tax Rate will be held at 19%. As substantive enactment of this is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

Due to the Company's history of losses, it cannot objectively verify projections of future income. For this reason, it is more likely than not that the Company's losses will not be realized in the future to reduce taxes payable. Therefore, a tax benefit has not been recognized for the Company's loss carry forwards. The Company will continue to assess the ability to recognize loss carryforwards in each annual period. At 31 December 2019, the Company has an unrecognized deferred tax asset of £4,070,663 (2018: £4,907,787) arising from tax losses carried forward of £15,097,000 (2018: £19,510,000) and differences between accumulated depreciation and capital allowances and other timing differences.

# 11. Property, plant and equipment

	Leasehold Improvements	Equipment	Asset In Course of Construction	Total
Cost	£000	£000	£000	£000
At 1 January 2018	74	1,193	119	1,386
Additions	--	599	189	788
Disposals	--	(208)	(288)	(496)
At 31 December 2018	74	1,584	20	1,678
Additions	584	1,067	33	1,684
Disposals	(33)	(558)	--	(591)
At 31 December 2019	625	2,093	53	2,771
Accumulated depreciation and impairment				
At 1 January 2018	74	641	--	715
Charge for the year	--	384	--	384
Eliminated on disposals	--	(208)	--	(208)
At 31 December 2018	74	817	--	891
Charge for the year	16	513	--	529
Eliminated on disposals	(33)	(558)	--	(591)
At 31 December 2019	57	772	--	829
Carrying amount				
At 31 December 2018	--	767	20	787
At 31 December 2019	568	1,321	53	1,942

## 12. Investments

An impairment review is carried out by the company on an annual basis. This impairment review did not highlight any indicators of impairment and as such the Directors are comfortable with the carrying value of each investment.

	Cost of shares in Group Undertakings £000
<b>Cost or fair value</b>	
At 1 January 2018	42,059
Capital contributions	25
At 31 December 2018	42,084
Capital contributions	-
At 31 December 2019	<u>42,084</u>
<b>Provision</b>	
At 1 January 2018	41,775
At 31 December 2018	<u>41,775</u>
At 31 December 2019	<u>41,775</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>309</u>
At 31 December 2019	<u>309</u>

The Company's subsidiary (\* directly held branches) undertakings are set out below.

Name	Registered office address	Class of shares	2019 %	2018 %
Premier Research Germany Limited	250 South Oak Way, Green Park, Reading, Berkshire, RG2 6UG, United Kingdom	Ordinary	-	100
Premier Research SA Limited	n/a	Ordinary	100	100
Premier Research GmbH	Europaplatz 5 D-64293 Darmstadt	Ordinary	100	100
Premier Research Group srl	Via Winckelmann 2 Milano 20146	Ordinary	100	100
Premier Research Group SL	Camino de la Zarzuela 19 28023 Madrid	Ordinary	100	100
Premier Research SARL	29 rue Taitbout 75009, Paris - France	Ordinary	100	100
Premier Research LLC	Office 527, block 11 3 Gostinichinaya str. 127106	Ordinary	100	100
Premier Research Canada Ltd	2425 Matheson Blvd E Ste 800 Mississauga, ON L4W 5K4	Ordinary	100	100
Premier Research Poland Sp Zoo	ul. Pulawska 303 02-785 Warszawa, Poland	Ordinary	100	100
Premier Research Romania srl	Diplomat Business Center Sevastopol Street, No. 13-17 Ap. 111, Sector 1 RO-010991 Bucharest	Ordinary	100	100

## 12. Investments (continued)

Premier Research Sro	Czech Republic Xaveriova 1900/10 CZ-15000 Praha 5	Ordinary	100	100
Premier Research Sro	Udernicka 5 SK-85101 Bratislava Slovak Republic	Ordinary	100	100
Premier Research Hungary Kft	Hungary Kft 1036 Budapest Lajos	Ordinary	100	100
Premier Research PTY Limited	Ground Floor, 23 Milton Parade Malvern VIC 3144	Ordinary	100	100
Premier Research Israel Ltd	One Azrieli Center, Round Building, Tel Aviv 67021, Israel	Ordinary	100	100
Premier Research S doo Beograd - Stari Grad	Francuska Street no 27, Belgrade, Serbia	Ordinary	100	100
Premier Research Singapore PTE. Ltd	37th Floor, Singapore Land Tower, 50 Raffles Place, Singapore- 048623	Ordinary	100	100
Premier Research (Shanghai) Co Ltd	No 778 Chuang Xin Xi Road, China (Shanghai)	Ordinary	100	100
Premier Research Group Ltd Taiwan Branch*	5th Floor, No. 21, Section 6, Zhongxiao East Road, Nangang District, Taipei City	Ordinary	100	100
Premier Research Group Ltd Korea Branch*	22F, 110 Huam-ro, Jung-gu, Seoul (Namdmoonro5ga)	Ordinary	100	100

On 11<sup>th</sup> Jan 2019, the Company also transferred its investment at book value in Premier Research Germany Limited to Premier Research GmbH.

## 13. Trade and other receivables

	Year ended 31 December	
	2019	2018
	£000	£000
Amount receivable for the sale of goods	4,974	4,135
Expected Credit Loss Reserve	--	--
Amounts owed by subsidiary undertakings	37,716	25,678
Amounts owed by parent company	278	285
Other debtors	1,649	1,530
Prepayments	401	131
Unbilled services	2,715	1,523
	<u>47,733</u>	<u>33,282</u>

The Company has not charged interest for late payment of invoices in 2019 or 2018.

Allowances against doubtful debts are recognised against overdue trade receivables based on estimated irrecoverable amounts determined by reference to past default experience. Specific counterparty risk is also considered here an analysis of the counterparty's current financial position indicates a change in credit risk.

Trade receivables disclosed above include amounts which are past due at year-end but against which the Company has not recognised an allowance for doubtful receivables. There has not been a significant change in credit quality and the amounts are still considered recoverable.

Amounts owed by related undertakings disclosed above include £5.0m of loans to subsidiary companies which are repayable on demand. The amounts are considered recoverable.

#### 14. Company as a lessee

The Company has lease contracts for copiers and buildings used in its operations which generally have lease terms between 5 and 10 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and Buildings	Hardware	Total
	£000	£000	£000
At 31 December 2018	–	–	–
Transition adjustments	255	86	341
Additions	2,734	–	2,734
Impairment	(162)	–	(162)
Depreciation expense	(298)	(33)	(331)
At 31 December 2019	<u>2,529</u>	<u>53</u>	<u>2,582</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019 £000
At 31 December 2018	–
Transition adjustments	(341)
Additions	(2,734)
Accretion of Interest	(164)
Payments	92
At 31 December 2019	<u>(3,147)</u>
Current	(207)
Non-Current	<u>(2,940)</u>
	<u>(3,147)</u>

#### 15. Trade and other payables

	Year ended 31 December	
	2019 £000	2018 £000
Trade payables	1,049	666
Other payables	1,003	444
Amounts owed to affiliate undertakings	38,516	34,330
Accrued expenses	1,808	2,297
Deferred income	<u>7,875</u>	<u>6,478</u>
	<u>50,251</u>	<u>44,215</u>

The directors consider that the carrying amount of trade and other payables approximate their fair value.

The amounts owed to affiliate undertakings are as a result of trading and repayable on demand.

Deferred income relates to amounts invoiced in advance of work performed.



#### 16. Retained earnings

	£000
Balance at 31 December 2017	(4,333)
Transition to IFRS 15	(341)
Net profit for the year	1,163
Balance at 31 December 2018	(3,511)
Net profit for the year	5,609
Balance at 31 December 2019	2,098

#### 17. Share capital

	2019 Number	2018 Number
<b>Issued and fully paid:</b>		
Ordinary shares of £0.01 each	10,000	10,000
	<b>2019 £</b>	<b>2018 £</b>
<b>Issued and fully paid:</b>		
Ordinary shares of £0.01 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income, nor do they have any preferences or restrictions attached to them.

#### 18. Contingent Liabilities

The Company has undertaken to indemnify Healthcare Financial Solutions LLC and Hayfin, its debt providers, in respect of a guarantee. The amount guaranteed, joint and independently, is USD 175,300,000.00.

#### 19. Related Party Transactions

Premier Research Group Limited is wholly owned by PRGCO Limited. The ultimate parent is Premier Research Holdings Inc., a US Corporation which is controlled by funds managed by Metalmark Capital LLC.

The Company has taken advantage of the disclosure exemption relating to the disclosure of related party transactions entered into between the Company and other wholly owned subsidiaries of the Group as permitted by FRS 101 paragraph 8. Refer to note 1 for further details.

#### 20. Post Balance Sheet Events

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus disease (COVID-19) as a pandemic. As national and local governments reacted to this public health crisis, significant disruption occurred in social norms as well as in economic activity. While demand for clinical development services continued substantially unchanged, activities that depend on significant staff travel and physical access to clinical research centres were impacted. In response to these challenges, the Company, its vendors and partners took steps to continue their activities by moving to a virtual working model including accessing clinical sites as well as patient data electronically. While we experienced short term transition inefficiencies, these challenges have proven to be transient.

We cannot predict the effects the pandemic may have on our business or on our financial results in the future. We have considered available information in respect of our customers, supply chain, people and infrastructure against a backdrop of management information since the year-end and the inherent uncertainties of the COVID-19 pandemic. Notwithstanding this risk, the Company and its directors are confident to have the systems and processes in place to support the unencumbered continuation of its activities both in a pandemic-driven virtual environment and in a post-pandemic environment. The Directors therefore believe the Company is in a strong position to reasonably mitigate any material impacts to the Company's near-term and long-term revenue, earnings, liquidity and cash flows.