

Registered number: 03286306

ASHFIELD HEALTHCARE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**



ASHFIELD HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	S. Bainbridge (resigned 30 April 2019) C. Corbin (resigned 1 October 2018) B. McAtamney (resigned 1 October 2018) N. Mansford (resigned 31 May 2019) C. Watson (resigned 30 April 2018) J. Moulding (resigned 1 October 2018) M. O'Leary (appointed 31 May 2019) A. Pavucek (appointed 29 March 2019) N. Burns (appointed 1 October 2018)
Company secretary	S. Bainbridge (resigned 30 April 2019) D. Moynagh (appointed 29 March 2019)
Registered number	03286306
Registered office	Ashfield House Resolution Road Ashby-de-la-zouch Leicestershire United Kingdom LE65 1HW
Independent auditors	Ernst & Young Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2 Ireland
Bankers	Natwest 6 Grange Road West Charing Cross Birkenhead Merseyside United Kingdom CH41 4DF

ASHFIELD HEALTHCARE LIMITED

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ASHFIELD HEALTHCARE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Principal Activities

The main activity of the Company continues to be Contract Sales Outsourcing (CSO) for the global pharmaceutical industry. The Company provide field based sales representatives to promote the pharmaceutical clients' products. The Company also provides nurse advisors to help administer, audit, educate and program re-design as appropriate depending on the client's needs. Other services include our contact centre offerings, which provide phone based compliance services that utilise our nurse led programs led care, medical information and sales tele-detailing to healthcare professionals. Additionally, the Company licenses intellectual property as well as providing strategic value added services to other Ashfield Division entities.

Business review

The Company achieved a turnover of £54,638,389 for the year ended 30 September 2018 in respect of its UK domestic CSO business (2017: £57,336,556), which is a decrease of 4.71% on the prior year. The UK market is a mature market which has seen Ashfield Healthcare Limited maintain its market position as the leading contract sales outsourcer. The Company also generated revenues from the licensing of intellectual property and the provision of value added services to group companies of £16,353,474 (2017: £21,214,750).

The Company produced an operating loss before taxation of £1,138,364 for the year ended 30 September 2018 (2017: profit of £8,290,546).

Shareholders' funds amounted to £24,379,326 at 30 September 2018 (2017: £25,855,043)

Principal risks and uncertainties

The principal risks facing the company relate to those risks associated with the pharmaceutical industry as the Company's services are marketed exclusively to this sector. These risks include:

- The lack of new products in the Pharmaceutical company's pipeline leaving no new drugs to promote, which can then directly impact on how many representatives are put through the Company to promote their product;
- The expiry of patents on drugs which may lead to less investment in the promotion of these drugs;
- Mergers and acquisitions between pharmaceutical companies potentially reducing the number of target clients for the Company;
- Challenges on costs from procurement pressures by the clients to continually squeeze margins;
- Intense competition in the CSO market from new smaller companies with the relevant sector experience, trying to gain market share; and
- The UK market is increasingly seen as being unfavourable for the pharmaceutical sector. Launch uptakes in the UK are poor and barriers to sales are considerable. Other alternative markets are seen as more investable.

These risks are mitigated by continuing to deliver a flexible, high-quality service to the Company's clients to provide them with the solutions they need for thier business.

ASHFIELD HEALTHCARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Financial key performance indicators

The key performance indicators for the company are highlighted in the below table:

	2018	2017
	£'000's	£'000's
Operating profit	(£1,138)	£8,291
Operating profit percentage	-1.6%	10.55%

The Company's gross profit of 45.5% (2017:45.1%) shows a strong performance of the overall business given the procurement pressures received from clients for reduced prices in a competitive marketplace, together with the implementation of licencing charge on intellectual property and the provision of value added services to group undertakings in the current year offset by increased UDG Healthcare plc franchise fees incurred. The performance of the contact centre continues to remain profitable as the Company's clients see the benefits of the variety of services that the Company has to offer over and above competitors. The operating loss of 1.6% (2017:profit of 10.5%), is as a result of global capital expenditure incurred during the year in order to remain competitive in the marketplace.

Financial Risks

The Company's activities expose it to a number of financial risks including costs, the nature of our commercial contracts, exchange rates, insurances and other financial risks. The Company's financial instruments comprise cash and other items such as trade debtors and creditors arising from operations. The main risks arising from these financial instruments are credit risk and liquidity risk.

The board reviews and agrees policies for the prudent management of these financial risks as follows:

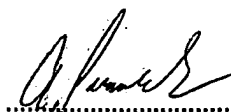
Credit risk

This is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's principal financial assets are trade and other receivables and bank balances. The Company's credit risk attributable to its trade receivables is limited as the greater majority of the Company's customers are blue chip pharmaceutical companies in the UK.

Liquidity risk

Ashfield Healthcare Limited has strong operating cash-flows and has focused efforts on managing its working capital.

This report was approved by the board and signed on its behalf.



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A Pavucek
Director

Date: 10 Sept. 2019

ASHFIELD HEALTHCARE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The directors present their report and the financial statements of Ashfield Healthcare Limited for the year ended 30 September 2018.

Results and dividends

The loss for the year, after taxation, amounted to £1,633,284 (2017 - profit of £6,723,558).

The directors paid a dividend for the financial year of £624,000 (2017: £1,664,000).

The Statement of the Comprehensive Income and Statement of Financial Position for the year ended 30 September 2018 are set out on pages 9 and 10 respectively.

Share based payments of £781,567 have been recognised as a capital contribution during the year (2017: £395,176). Shareholders funds amounted to £25,855,043 at 30 September 2018 (2017: £20,400,309)

Directors

The directors who served during the year were:

S. Bainbridge (resigned 30 April 2019)
C. Corbin (resigned 1 October 2018)
B. McAtamney (resigned 1 October 2018)
N. Mansford (resigned 31 May 2019)
C. Watson (resigned 30 April 2018)
J. Moulding (resigned 1 October 2018)

Contributions

The company did not make any charitable or political donations that require disclosure in the financial year (2017: Nil).

Future developments

The directors intend to continue to develop the activities of the Company for the foreseeable future.

Financial instruments

There are no financial instruments to disclose.

Own Shares

The Company is wholly owned by UDG UK Holdings Limited, and as such no directors have share holdings in Ashfield Healthcare Limited.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ASHFIELD HEALTHCARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Events since the Statement of Financial Position date

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Ernst & Young will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.



A. Pavucek
Director

Date: 10 Sept. 2019

ASHFIELD HEALTHCARE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

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

In preparing these financial statements of Ashfield Healthcare Limited, the directors are required to:

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

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


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A Pavucek

Date: 10 Sept. 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFIELD HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Ashfield Healthcare Limited for the year ended 30 September 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, 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 30 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFIELD HEALTHCARE LIMITED (Continued)

Other information

The other information comprises the information included in the Strategic Report and Directors' Report set out on pages 1 – 4 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFIELD HEALTHCARE LIMITED (Continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.



Roger Wallace (senior statutory auditor)
for and on behalf of Ernst & Young, Chartered Accountants and Statutory Auditor

Dublin

Date: 16 September 2019

ASHFIELD HEALTHCARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £	2017 £
Turnover	3	70,991,863	78,551,306
Cost of sales		(41,492,600)	(43,119,314)
Gross profit		29,499,263	35,431,992
Administrative expenses		(30,637,627)	(27,141,446)
Operating (loss)/profit	4	(1,138,364)	8,290,546
Tax on (loss)/profit	7	(494,920)	(1,566,988)
(Loss)/profit for the financial year		(1,633,284)	6,723,558
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Capital contribution share based payment expense		781,567	395,176
Total comprehensive income for the year		(851,717)	7,118,734


All profits arose from continuing operations.

ASHFIELD HEALTHCARE LIMITED
REGISTERED NUMBER: 03286306

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	21,170,826	10,623,705
Tangible assets	10	11,863,897	12,376,623
		<u>33,034,723</u>	<u>23,000,328</u>
Current assets			
Debtors: amounts falling due within one year	11	18,775,928	16,889,897
Cash at bank and in hand		-	1,006,865
		<u>18,775,928</u>	<u>17,896,762</u>
Creditors: Amounts Falling Due Within One Year	13	(13,947,892)	(14,537,374)
Bank overdraft	13	(12,134,726)	-
		<u>(7,306,690)</u>	<u>3,359,388</u>
Net current (liabilities)/assets		<u>(7,306,690)</u>	<u>3,359,388</u>
Total assets less current liabilities		<u>25,728,033</u>	<u>26,359,716</u>
Deferred taxation	14	(1,348,707)	(504,673)
		<u>(1,348,707)</u>	<u>(504,673)</u>
Net assets		<u>24,379,326</u>	<u>25,855,043</u>
Capital and reserves			
Called up share capital	15	10,090	10,090
Other reserves		3,532,757	2,751,190
Profit and loss account		20,836,479	23,093,763
		<u>24,379,326</u>	<u>25,855,043</u>
Shareholders funds		<u>24,379,326</u>	<u>25,855,043</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



 A. Pavucek
 Director 10 Sept. 2019

The notes on pages 12 to 25 form part of these financial statements.

ASHFIELD HEALTHCARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital presented as equity £	Other reserve £	Profit and loss account £	Total equity £
At 1 October 2016	10,090	2,356,014	18,034,205	20,400,309
Comprehensive income for the year				
Profit for the year	-	-	6,723,558	6,723,558
Share based payment expense	-	395,176	-	395,176
Other comprehensive income for the year	-	395,176	-	395,176
Total comprehensive income for the year	-	395,176	6,723,558	7,118,734
Dividends	-	-	(1,664,000)	(1,664,000)
Total transactions with owners	-	-	(1,664,000)	(1,664,000)
At 1 October 2017	10,090	2,751,190	23,093,763	25,855,043
Comprehensive income for the year				
Loss for the financial year	-	-	(1,633,284)	(1,633,284)
Share based payment expense	-	781,567	-	781,567
Other comprehensive income for the year	-	781,567	-	781,567
Total comprehensive income loss for the year	-	781,567	(1,633,284)	(851,717)
Dividends	-	-	(624,000)	(624,000)
Total transactions with owners	-	-	(624,000)	(624,000)
At 30 September 2018	10,090	3,532,757	20,836,479	24,379,326

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

1. General information

Ashfield Healthcare Limited ("the Company") is a Limited Company registered office, Ashfield House, Resolution Road, Ashby-de-la-zouch, Leicestershire, LE65 1HW, incorporated and domiciled in the UK.

The Company's ultimate parent undertaking, UDG Healthcare plc incorporated in the Republic of Ireland, includes the Company in its consolidated financial statements. The consolidated financial statements of UDG Healthcare plc are prepared in accordance with International Financial Reporting Standards. These are available to the public and may be obtained from the UDG Healthcare plc's website.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements of Ashfield Healthcare Limited were authorised for issue by the Board of Directors on 10th September 2019.

These financial statements were prepared on a going concern basis under historic cost conversion unless otherwise specified in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") issued in March 2014.

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

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

- A Statement of Cash Flow and related notes;
- Comparative year reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of UDG Healthcare plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)**2.2 Going concern**

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report on pages 1 to 4. The Company has considerable financial resources and is in a strong position. As a consequence the directors believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

License Revenue

License revenue comprises the licencing of intellectual property and the provision of value added services to group undertakings and is recognised in the period in which the services are provided.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018****2. Accounting policies (continued)****Amortisation**

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives the intangible assets to which they relate unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs 4 years
- Software costs 5 years
- Future Fit Finance costs 4-10 years

2.5 Research and Development

Expenditure on research activities is recognised in the Statement of Comprehensive Income as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	-	2%
Office equipment	-	25%
Furniture and fittings	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.7 Financial Assets

Investments (in the share entitlement scheme) are stated at cost, less provisions for any permanent impairment in value. Income from financial fixed assets is recognised in the profit and loss account in the period in which it is receivable.

2.8 Trade and Other Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Trade and Other Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.13 Equity settled share based payments transactions

The Company's ultimate parent, UDG Healthcare plc, operates share options schemes which allow employees of the group to acquire shares in UDG Healthcare plc. They are all equity-settled arrangements under IFRS 2, Share-based payments. Where UDG Healthcare plc grants options over its shares to employees of a subsidiary company, their fair value of share entitlements granted is recognised as an employee expense in the Statement of Comprehensive Income with a corresponding increase in the capital contribution reserve. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by UDG Healthcare plc are subject to certain non-market based vesting conditions.

Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the Statement of Comprehensive Income is based on fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight line basis over the vesting period. The cumulative charge to the Statement of Comprehensive Income is only reversed where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Company before the end of the vesting period.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Pensions

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 amounts charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting year.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Contract Sales and Services Outsourcing for the global pharmaceutical industry	54,638,389	57,336,556
Licencing of intellectual property and provision of value added services to group undertakings	16,353,474	21,214,750
	<u>70,991,863</u>	<u>78,551,306</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	<u>70,991,863</u>	<u>78,551,306</u>

The company's turnover, all of which is derived in the United Kingdom, represents net invoiced sales of services, excluding value added tax.

4. Operating (loss)/profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	950,673	938,047
Amortisation of intangible fixed assets	766,087	205,922
Vehicle leasing charges	268,941	305,646
Auditor's remuneration - audit of these financial statements	58,961	14,940
Other leasing charges	14,400	141,104
	<u>1,998,062</u>	<u>1,605,659</u>

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	34,157,476	34,413,655
Social security costs	4,535,110	4,657,458
Share based payment expense	202,026	197,906
Cost of defined contribution pension scheme	1,001,987	1,251,807
	<u>39,896,599</u>	<u>40,520,826</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Administration	145	156
Sales representatives	783	869
	<u>928</u>	<u>1,025</u>

6. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	2,494,291	2,684,336
Company contributions to defined contribution pension schemes	57,082	325,706
	<u>2,551,373</u>	<u>3,010,042</u>

During the year retirement benefits were accruing to 3 directors (2017 - 15) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,208,904 (2017 - £1,242,432).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,275 (2017 - £144,000).

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. Tax on (loss)/profit on ordinary activities

	2018 £	2017 £
Corporation tax		
Current tax on (loss)/profit for the year	(349,114)	1,382,902
Adjustments in respect of previous periods	-	(73,043)
Total current tax	<u>(349,114)</u>	<u>1,309,859</u>
Deferred tax		
Deferred tax charge current year	824,513	239,104
Deferred tax charge in respect of prior year	19,521	18,025
Total deferred tax	<u>844,034</u>	<u>257,129</u>
Taxation on (loss)/profit on ordinary activities	<u>494,920</u>	<u>1,566,988</u>

Reconciliation of effective tax

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
(Loss)/Profit on ordinary activities before tax	<u>(1,138,364)</u>	<u>8,290,546</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	(216,289)	1,616,656
Effects of:		
Expenses not deductible for tax purposes, etc.	980,327	5,350
Adjustments to tax charge in respect of prior periods	(269,118)	(55,018)
Total tax charge/(credit) for the year	<u>494,920</u>	<u>1,566,988</u>

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. Tax on (loss)/profit on ordinary activities (continued)

Factors that may affect future tax charges

The standard rate of Corporation tax is scheduled to reduce to 17% from 1 April 2020.

8. Dividends

	2018 £	2017 £
Dividends paid in the financial year (£0.624 per issued ordinary share; 2017: £1.664)	624,000	1,664,000

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is £nil (2017: £nil)

9. Intangible assets

	Software or capitalised software £
Cost	
At 1 October 2017	11,626,400
Additions	11,313,208
At 30 September 2018	22,939,608
Amortisation	
At 1 October 2017	1,002,695
Charge for the year	766,087
At 30 September 2018	1,768,782
Net book value	
At 30 September 2018	21,170,826
At 30 September 2017	10,623,705

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

10. Tangible assets

	Land and buildings £	Furniture and Fittings £	Office Equipment £	Total £
Cost or valuation				
At 1 October 2017	13,742,286	1,505,525	3,125,407	18,373,218
Additions	63,258	162,035	212,655	437,948
At 30 September 2018	<u>13,805,544</u>	<u>1,667,560</u>	<u>3,338,062</u>	<u>18,811,166</u>
Depreciation				
At 1 October 2017	2,801,831	1,046,437	2,148,327	5,996,595
Charge for the year on owned assets	247,403	245,455	457,816	950,674
At 30 September 2018	<u>3,049,234</u>	<u>1,291,892</u>	<u>2,606,143</u>	<u>6,947,269</u>
Net book value				
At 30 September 2018	<u>10,756,310</u>	<u>375,668</u>	<u>731,919</u>	<u>11,863,897</u>
At 30 September 2017	<u>10,940,455</u>	<u>459,088</u>	<u>977,080</u>	<u>12,376,623</u>

11. Debtors

	2018 £	2017 £
Trade debtors	9,712,972	8,139,568
Amounts owed from group undertakings	4,886,002	5,997,306
Other debtors	1,202,702	769,592
Prepayments and accrued income	2,128,127	1,983,431
Corporation tax recoverable	846,125	-
	<u>18,775,928</u>	<u>16,889,897</u>

Amounts owed by group undertakings falling due within one year are unsecured, receivable on demand and interest free.

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

12. Financial Assets

During the year ended 30 September 2005, the company acquired 95,000 ordinary shares in its ultimate parent company, UDG Healthcare PLC on the open market at a cost of £250,000. In relation to the shares acquired, as at the balance sheet date at 30 September 2018 none (2017: None) had been conditionally allocated to employees. No charge arose in the current year (2017: None).

13. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Bank overdrafts	12,134,726	-
Trade creditors	3,286,848	2,488,653
Amounts owed to group undertakings	3,821,055	4,033,232
Corporation tax	-	285,331
Other taxation and social security	2,165,445	2,646,408
Other creditors	692,336	935,244
Accruals and deferred income	3,982,208	4,148,506
	26,082,618	14,537,374

Amounts owed to group undertakings are repayable on demand.

14. Deferred taxation

	2018	2017
	£	£
At beginning of year	(504,673)	(247,544)
Income statement charge	(844,034)	(257,129)
At end of year	(1,348,707)	(504,673)

The provision for deferred taxation is made up as follows:

	2018	2017
	£	£
Capital allowances	(1,541,042)	(671,649)
Provisions	192,335	166,976
	(1,348,707)	(504,673)

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

15. Allotted and issued share capital authorised to be disclosed

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £0.10 each	100	100
999,000 Ordinary 1 shares of £0.01 each	9,990	9,990
	10,090	10,090
	10,090	10,090

16. Share based payments

The Company is part of its ultimate parent entity's Long Term Incentive Plan (LTIP) which was established during 2010. Under the LTIP scheme share options may be granted to management which may entitle them to purchase shares in the parent company so as to provide an incentive to perform strongly over an extended period and to encourage alignment of their interests with those of shareholders. Share options granted under the LTIP will vest on the fifth anniversary of the grant date, if TSR performance and aggregate cash flow performance targets are achieved. During the year 690,672 (2017: 914,344) share options were granted under the LTIP across the group. In accordance with the terms of the LTIP, share options awarded are exercisable at the nominal value of the underlying share as at the date of grant.

The weighted average share price at the date of exercise of share options during the year was \$10.94. The weighted average remaining contractual life for the share options outstanding at 30 September 2018 was 4.35 years (2017: 4.86 years).

17. Obligations under operating leases

At 30 September 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	801,521	648,927
Later than 1 year and not later than 5 years	2,258,853	3,005,256
	3,060,374	3,654,183
	3,060,374	3,654,183

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

18. Pension and post retirement benefits commitments

The Company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charged to the Statement of Comprehensive income represents contributions payable by the Company to the funds and amounted to £1,001,987 (2017: £1,251,807). The amount payable as at 30 September 2018 was £175,505 (2017: £168,292).

19. Ultimate parent undertaking and controlling party

The Company is wholly owned subsidiary of UDG Healthcare UK (Holding) Ltd, whose ultimate parent undertaking is UDG Healthcare plc, a public limited company is incorporated and operating in the Republic of Ireland. The only group in which the results of the Company are consolidated is that headed by UDG Healthcare plc. The consolidated financial statements of UDG Healthcare plc are available to the public and may be obtained from The secretary, UDG Healthcare plc, 20 Riverwalk, Citywest Business Campus Citywest Road, Dublin 24.