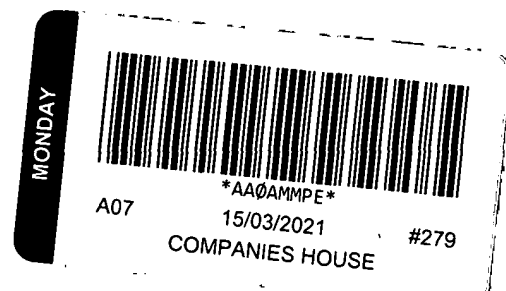


Registered number: 03286306

ASHFIELD HEALTHCARE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**



ASHFIELD HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	A. Pavucek M. O'Leary N. Burns (resigned 31 December 2019)
Company secretary	D. Moynagh
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 2020

Principal Activities

The main activity of the Company continues to be contract sales and service 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 £29,759,297 in respect of contract sales and services outsourcing for the year ended 30 September 2020 (2019: £44,364,697), which is a decrease of 32.9% on the prior year, and the Company's gross profit amounted to £21,490,578 for the year ended 30 September 2020 (2019: £29,989,001), which is a decrease of 28.3% on the prior year gross profit. 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 £14,223,483 (2019: £20,164,651).

The Company produced a profit before taxation of £1,544,697 for the year ended 30 September 2020 (2019: profit of £3,576,641).

Shareholders' funds amounted to £23,567,009 at 30 September 2020 (2019: £22,145,424).

The Company has adopted IFRS 16, the new leases standard, with an initial recognition date of 1 October 2019. The resulting impact on transition is disclosed in Note 21.

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 pipeline of pharmaceutical companies 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;
- 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; and
- The COVID-19 outbreak is an unprecedented global event whose impacts and duration are not yet fully known. A prolonged outbreak could negatively impact the economic environment in which the company operates.

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

ASHFIELD HEALTHCARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Financial key performance indicators

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

	2020	2019
	£'000's	£'000's
Gross profit	£21,491	£29,989
Gross profit percentage	48.9%	46.5%
Operating profit	£1,563	£3,577
Operating profit percentage	3.6%	5.5%

The Company's gross profit of 48.9% (2019: 46.5%) 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 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 along with the restructuring of the business during the financial year as a result of the COVID-19 pandemic. The business continues to review competitive services to our clients, including investments in technologies to support the growth of our contact centre, clinical & commercial offering. The operating profit of 3.6% (2019: profit of 5.5%), is as a result of the following:

- The Covid-19 outbreak allowed for remote working to become more accessible to the new way of working.
- The downturn in the market due to the Covid-19 outbreak resulted in a reduction in profit margin being reduced as client contracts were scaled back.
- Through business strategy we have aligned the business and services we are providing in order to meet the present and future requirements. We have adopted more of a digital approach and also servicing clients with an offering that has supported their strategic approach with a different type of representative, introducing hybrid roles to the operations.

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 comprises of 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.

ASHFIELD HEALTHCARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Section 172(1) Statement

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members and key stakeholders. To discharge their s172 duties, the directors when making the principal decisions of the company, have had regard to the impact of such decisions on the Company's key stakeholders and the wider society.

The Board's principal decisions during the year was to discuss a number of strategic considerations and agree upon them during the year as a result of the Covid pandemic. These focused on a move to a more omni-channel approach to our service offering, how to hold onto existing business, and how to pivot to remote engagement services for both healthcare providers and patients. Cost cutting measures were also discussed, ranging from resource optimisation to accessing Government furlough schemes. Finally, it was discussed at length how to access new customers bases, in particular the NHS, to mitigate the risk of a reducing pipeline in our core customer group, pharma.

Stakeholder Engagement

The Company recognises the importance of building and maintaining strong and sustainable relationships with its key stakeholder groups.

Supplier Engagement

As a subsidiary of the UDG Healthcare Group, the Company works closely with our strategic suppliers to ensure a positive and transparent working relationship. Monthly and quarterly business reviews are scheduled to ensure continued and open engagement, which benefits both the Group and the supplier.

Customer Engagement

As a subsidiary of the UDG Healthcare Group, our purpose is to partner with clients to deliver innovative healthcare solutions that improve patients' lives. Building trusted partnerships with our clients in Ashfield Healthcare Ltd is critical for our success. During FY2020, the Company conducted a number of client engagement audits across our client base to drive improved customer experiences and identify market growth opportunities.

Employees

As outlined below.

Shareholders

The Company is a subsidiary of UDG Healthcare plc and whilst the business is managed locally and with the appropriate degree of autonomy, there is regular management and business dialogue including updates to its shareholder base.

Due to the structure of the UDG Group, stakeholder engagement is largely conducted using Group resources. For further detail of the engagement that takes place with the Company's key stakeholders at Group level and how this has impacted on the principal decisions taken by Group, please refer to the UDG Healthcare plc FY2020 Annual Report and Financial Statements, pages 73 and 75.

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


.....
M. O'Leary
Director

Date: 25 January 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The directors present their report and the financial statements of Ashfield Healthcare Limited for the year ended 30 September 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,309,509 (2019 - £2,531,866).

No dividends were proposed, declared or paid for year ended 30th September 2020 (2019: £5,000,000).

The Statement of the Comprehensive Income and Statement of Financial Position for the year ended 30 September 2020 are set out on pages 11 and 12 respectively.

Directors

The directors who served during the year were:

A. Pavucek
M. O'Leary
N. Burns (resigned 31 December 2019)

None of the directors held any interest in the Company at the beginning or end of the year.

Contributions

The company did not make any charitable or political donations that require disclosure in the financial year (2019: £Nil).

Future developments

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

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 2020

Events since the Statement of Financial Position date

Further information in regards to the post balance sheet events is outlined in note 22.

Going concern

The financial statements have been prepared on a going concern basis as a result of receipt of a letter of support from the ultimate parent entity. After making due enquiries, including consideration of the impact of the COVID-19 pandemic and the letter of support received, the Directors confirm that they have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further information is outlined in Note 2.2.

Employees and Employee Engagement

The Company employs 395 employees in the UK and recognises that they are a key asset of our business.

We engage with our employees through email, video broadcast messages from our divisional president, regular town hall meetings and, on a Group level, through our workforce engagement meetings in which our two Designated Non-Executive Directors attend. The purpose of the workforce engagement meetings is to discuss our people's view on development opportunities, culture, wellbeing and ethical business behaviours. The key themes that emerged from these meetings are reported in UDG Healthcare plc's FY2020 Annual Report and Financial Statements on page 53.

The physical and mental wellbeing of our people is also of key importance to us. While we ordinarily mark all important international health days, in the 2020, the arrival of Covid-19 created an even greater focus on employee wellbeing. In April, Group launched an employee wellbeing portal "Wellspace" to support our people through this challenging time including providing mental health coaching support to help them cope with the challenges they were experiencing.

The health and wellbeing of our people has always been a key priority for us, and never more so than during the current covid pandemic. We offer our employees access to various health and well-being initiatives via our insurances, ranging from access to health and well-being talks and events via our Healthcare provider; virtual access to GP's via SmartHealth; or 24 hour access to advice via our EAP provider. In April 2020 UDG Healthcare plc also launched an employee wellbeing portal "Wellspace" to support our people through this challenging time including providing mental health coaching support to help them cope with the challenges they were experiencing.

During the early summer 2020 we surveyed our back office support functions to understand how our people were feeling about work-life balance, and as a direct result we launched our Remote Working Policy. As a business we will continue to adopt a culture of wellbeing and seek new ways of looking after the health and wellbeing of our employees.

Importantly, alongside the various health and wellbeing initiatives in place we ensure our company policies reflect a work-life balance, and have strict policy in place around different types of leave; Holiday; Flexible Working to name a few. Also of great importance to us is our commitment to providing a workplace where all people are treated with dignity, free from harassment of any type, and provided with equal opportunities.

The Company is also committed to progressing the Group's Diversity, Equity & Inclusion agenda by supporting some key initiatives. Over the course of the year, we tasked a member of the senior executive team to lead on all matters on diversity, equity & inclusion, plus we created a new role of diversity, equity & inclusion manager to help us to enhance and foster all diversity, equity & inclusion activities and awareness

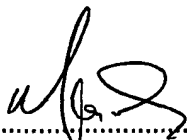
ASHFIELD HEALTHCARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.



.....
M. O'Leary
Director

Date: 25 January 2021

ASHFIELD HEALTHCARE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

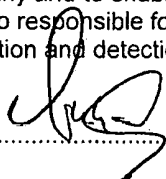
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements of Ashfield Healthcare Limited in accordance with applicable law and regulations.

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 101 'Reduced Framework Disclosure'. 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.



M. O'Leary

Date: 25 January 2021



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 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, 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 2020 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.

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.

Continued/...



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 the Directors' Report. 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 the 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 the Directors' Report.

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

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

Continued/...



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 7, 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, Statutory Auditor

Dublin

5 February 2021

ASHFIELD HEALTHCARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	43,982,780	64,529,348
Cost of sales		(22,492,202)	(34,540,347)
Gross profit		21,490,578	29,989,001
Administrative expenses		(19,927,811)	(26,412,360)
Operating profit	4	1,562,767	3,576,641
Interest expenses	6	(18,070)	-
Profit before tax		1,544,697	3,576,641
Tax on profit	9	(235,188)	(1,044,775)
Profit for the financial year		1,309,509	2,531,866

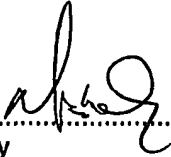
All income and expenditure for the year and prior year relates to continuing activities.

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	24,794,886	24,622,244
Tangible assets	12	10,666,974	11,078,165
Right of use assets	13	942,397	-
		<u>36,404,257</u>	<u>35,700,409</u>
Current assets			
Debtors: amounts falling due within one year	14	16,073,534	22,433,397
Creditors: amounts falling due within one year	15	(27,013,406)	(34,604,755)
		<u>(10,939,872)</u>	<u>(12,171,358)</u>
Net current liabilities			
		<u>(10,939,872)</u>	<u>(12,171,358)</u>
Total assets less current liabilities			
		<u>25,464,385</u>	<u>23,529,051</u>
Creditors: amounts falling due after more than one year	16	(282,455)	-
Provisions for liabilities			
Deferred tax	17	(1,614,921)	(1,383,627)
		<u>23,567,009</u>	<u>22,145,424</u>
Net assets			
Capital and reserves			
Called up share capital	18	10,090	10,090
Other reserves		3,879,065	3,766,989
Profit and loss account		19,677,854	18,368,345
		<u>23,567,009</u>	<u>22,145,424</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 January 2021.



M. O'Leary
 Director

The notes on pages 15 to 33 form part of these financial statements.

ASHFIELD HEALTHCARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital presented as equity £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 October 2019	10,090	3,766,989	18,368,345	22,145,424
Comprehensive income for the year				
Profit for the financial year	-	-	1,309,509	1,309,509
Share based payment expense	-	112,076	-	112,076
At 30 September 2020	10,090	3,879,065	19,677,854	23,567,009

The notes on pages 15 to 33 form part of these financial statements.

ASHFIELD HEALTHCARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital presented as equity £	Other reserve £	Profit and loss account £	Total equity £
At 1 October 2018	10,090	3,532,757	20,836,479	24,379,326
Comprehensive income for the year				
Profit for the year	-	-	2,531,866	2,531,866
Share based payment expense	-	234,232	-	234,232
Dividends	-	-	(5,000,000)	(5,000,000)
At 30 September 2019	<u>10,090</u>	<u>3,766,989</u>	<u>18,368,345</u>	<u>22,145,424</u>

The notes on pages 15 to 33 form part of these financial statements.

ASHFIELD HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 25 January 2021.

These financial statements were prepared under historic cost conversion unless otherwise specified in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 and has set out below where FRS 101 disclosure exemptions has been taken.

- 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;
- Disclosure of a maturity analysis of leases under IFRS 16 paragraph 58;
- Disclosure of information about the Company's leases for which it is a lessee;
- IFRS 15 disclosures in respect of disaggregation of revenue, contract balances and performance obligations;
- 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.

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

The financial statements have been prepared on the going concern basis as a result of receipt of a letter of support of from the ultimate parent entity. After making due enquiries, including consideration of the impact of the COVID-19 pandemic and the letter of support received, the Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly continue to adopt the going concern basis in preparing the financial statements.

2.3 New and amended standards and interpretations effective in the year

The Company adopted IFRS 16 Leases with effect from 1 October 2019. The impact of adopting this standard is described further in Note 21.

The Company's accounting policy for leases is outlined in Note 2.17.

2.4 Revenue

Revenue is recognised for identified contracts with customers. Revenue comprises the fair value of the consideration receivable for goods and services sold to third party customers in the ordinary course of business. It excludes sales-based taxes and is net of allowances for volume-based rebates and early settlement discounts.

It is the Company's policy and customary business practice to receive a valid order from the customer in which each parties' rights and payment terms are established. The Company assesses revenue contracts to determine the transaction price and performance obligations to be delivered to customers under contract. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling price. The Company's contracts with customers generally include a single performance obligation and do not contain multiple performance obligations or bundled pricing arrangements.

If the consideration in a revenue contract includes a variable amount (including volume rebates), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Accumulated experience is used to estimate and provide for discounts and rebates, using the most likely amount estimation method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. In some of the Company's revenue contracts, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company recognises revenue as the amount of the transaction price expected to be received for goods and services supplied at a point in time or over time as the contractual performance obligations are satisfied and control passes to the customer. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.4 Revenue (continued)

and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Where the contractual performance obligations are satisfied over time and revenue is recognised over time, the Company recognises revenue by reference to the estimated stage of completion of the performance obligations. The primary method of estimating stage of completion of over time revenue contracts is the input method of cost incurred to date over the estimated total cost to complete the revenue contract. Estimates of revenues, costs and stage of completion during the performance of a contract are revised where circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Where performance obligations are satisfied at a point in time, revenue is recognised when the risks and rewards of ownership have transferred to the customer. This is at the point where the product is delivered to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Licence 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.

2.5 Judgements and estimates

Judgements and key sources of estimation uncertainty.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There have been no significant judgements or estimates made by management in the preparation of these financial statements.

2.6 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 2020****2. Accounting policies (continued)****2.6 Intangible assets (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 year
- Software costs 5 years
- Future Fit Finance costs 4-10 years

2.7 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.

2.8 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%
Furniture and fittings	-	25%
Office equipment	-	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.

ASHFIELD HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.9 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.

2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 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.

2.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 Equity settled share based payments transactions

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)**2.17 Leases**

All leases are accounted for by recognising a right of use asset and lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Such leases are accounted for on a straight line expense basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period in which they relate.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before the commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is determined to be shorter than the lease term.

When the estimate of the term of any lease is revised, for example due to reassessing the probability of exercising an extension or termination option, the carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, except in this case the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount equal to the standalone price for the additional right of use assets obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.18 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.

2.19 Borrowing costs

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

2.20 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Turnover

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

	2020 £	2019 £
Contract Sales and Services Outsourcing for the global pharmaceutical industry	29,759,297	44,364,697
Licencing of intellectual property and provision of value added services to group undertakings	14,223,483	20,164,651
	<u>43,982,780</u>	<u>64,529,348</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	29,876,968	48,105,251
Rest of Europe	467,698	6,699,388
Rest of the world	13,638,114	9,724,709
	<u>43,982,780</u>	<u>64,529,348</u>

The company's turnover, not all of which is derived in the United Kingdom, represents net invoiced sales of services, excluding value added tax.

4. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of right of use assets	632,899	-
Depreciation of tangible fixed assets	603,012	815,205
Loss on disposal of tangible fixed assets	5,861	113,824
Amortisation of intangible fixed assets	3,542,534	2,542,219
Loss on retirement of intangible assets	-	1,218,769
Vehicle leasing charges	-	262,186
Short term leases	496,745	-
Other leasing charges	6,426	16,885
Foreign exchange loss	8,761	82,495
	<u>6,196,238</u>	<u>4,838,579</u>

5. Auditors' remuneration

The auditors remuneration fee this year is £25,820 (2019: £38,216).

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. Interest payable and similar expenses

	2020 £	2019 £
Interest on lease liabilities	<u>18,070</u>	<u>-</u>

7. Employees

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

	2020 £	2019 £
Wages and salaries	18,559,486	25,944,038
Social security costs	2,662,126	3,609,767
Share based payment expense	112,076	234,242
Cost of defined contribution pension scheme	576,218	803,757
	<u>21,909,906</u>	<u>30,591,804</u>

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

	2020 No.	2019 No.
Administration	52	67
Sales representatives	389	455
	<u>441</u>	<u>522</u>

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	221,547	1,879,361
Company contributions to defined contribution pension schemes	24,294	35,863
	245,841	1,915,224
	245,841	1,915,224

During the year retirement benefits were accruing to 1 directors (2019 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £221,547 (2019 - £516,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,294 (2019 - £35,863).

9. Tax on profit on ordinary activities

	2020	2019
	£	£
Corporation tax		
Current tax on profit for the year	259,989	1,074,927
Adjustments in respect of previous periods	(256,095)	(65,072)
Total current tax	3,894	1,009,855
	3,894	1,009,855
Deferred tax		
Deferred tax charge current year	(149,195)	(237,058)
Adjustment in respect of previous periods	194,792	271,978
Impact of change in future tax rates	185,697	-
Total deferred tax	231,294	34,920
	231,294	34,920
Taxation on profit on ordinary activities	235,188	1,044,775

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Tax on profit on ordinary activities (continued)

Reconciliation of effective tax

The reduction in the UK corporation tax rate from 19% to 17%, which was substantially enacted to take effect from April 2020, was reversed as part of the UK budget during the financial year. Accordingly, the deferred tax balances as at 30 September 2020 have been calculated based on the rate of 19% (2019: 17%).

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,544,697</u>	<u>3,576,641</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	293,492	679,562
Effects of:		
Expenses not deductible for tax purposes, etc.	(182,698)	158,307
Remeasurement of deferred tax - change in UK tax rate	185,696	-
Adjustments to tax charge in respect of prior periods	(61,302)	206,906
Total tax charge for the year	<u>235,188</u>	<u>1,044,775</u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges

10. Dividends

	2020 £	2019 £
Dividends paid in the financial year (£Nil per issued ordinary share; 2019: £5)	<u>-</u>	<u>5,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. Intangible assets

	Software £
Cost	
At 1 October 2019	28,723,626
Additions	3,715,176
At 30 September 2020	<u>32,438,802</u>
Amortisation	
At 1 October 2019	4,101,382
Charge for the year	3,542,534
At 30 September 2020	<u>7,643,916</u>
Net book value	
At 30 September 2020	<u>24,794,886</u>
At 30 September 2019	<u>24,622,244</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Tangible assets

	Land and buildings £	Furniture and Fittings £	Office Equipment £	Total £
Cost or valuation				
At 1 October 2019	13,805,544	1,717,523	3,147,039	18,670,106
Additions	1,800	172,464	23,418	197,682
Disposals	-	(23,799)	-	(23,799)
At 30 September 2020	13,807,344	1,866,188	3,170,457	18,843,989
Depreciation				
At 1 October 2019	3,300,652	1,498,014	2,793,275	7,591,941
Charge for the year on owned assets	246,614	165,169	191,229	603,012
Disposals	-	(17,938)	-	(17,938)
At 30 September 2020	3,547,266	1,645,245	2,984,504	8,177,015
Net book value				
At 30 September 2020	10,260,078	220,943	185,953	10,666,974
<i>At 30 September 2019</i>	<i>10,504,892</i>	<i>219,509</i>	<i>353,764</i>	<i>11,078,165</i>

13. Right of use assets

	Motor Vehicles £
At 1 October 2019	657,799
Additions	976,777
Depreciation	(632,899)
Termination of lease contracts	(59,280)
Modification of lease contracts	-
At 30 September 2020	942,397

ASHFIELD HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Debtors

	2020 £	2019 £
Trade debtors	3,384,283	6,328,793
Amounts owed from group undertakings	10,740,032	13,004,820
Other debtors	797,961	952,980
Prepayments and accrued income	1,151,258	1,638,290
Corporation tax recoverable	-	508,514
	<u>16,073,534</u>	<u>22,433,397</u>

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

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	7,745,449	13,638,922
Trade creditors	1,021,076	1,288,002
Amounts owed to group undertakings	11,779,263	12,213,835
Corporation tax	88,368	-
Other taxation and social security	1,040,231	1,848,443
Lease liabilities	666,460	-
Other creditors	237,849	160,969
Accruals and deferred income	4,434,710	5,454,584
	<u>27,013,406</u>	<u>34,604,755</u>

Amounts owed to group undertakings are interest free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	<u>282,455</u>	<u>-</u>
		Total
		£
At 1 October 2019		657,799
Additions		976,776
Cash payments		(646,131)
Accretion of interest		18,070
Termination of lease contracts		(57,599)
Modification of lease contracts		-
At 30 September 2020		<u><u>948,915</u></u>
Lease liabilities due within one year		666,460
Lease liabilities due after more than one year		282,455
Total lease liabilities		<u><u>948,915</u></u>

Included in the profit and loss for the year was an expense for short term leases of £496,745 and low value leases of £6,426.

17. Deferred taxation

	2020 £	2019 £
At beginning of year	(1,383,627)	(1,348,707)
Income statement charge	(231,294)	(34,920)
At end of year	<u><u>(1,614,921)</u></u>	<u><u>(1,383,627)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

17. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Capital allowances	(1,730,924)	(1,519,946)
Provisions	116,003	136,319
	(1,614,921)	(1,383,627)

18. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
1,000 (2019 - 1,000) Ordinary shares of £0.10 each	100	100
999,000 (2019 - 999,000) Ordinary 1 shares of £0.01 each	9,990	9,990
	10,090	10,090

19. 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 912,182 (2019: 1,031,826) 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 \$8.85 (2019: \$9.34). The weighted average remaining contractual life for the share options outstanding at 30 September 2020 was 4.4 years (2019: 4.1 years).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

20. 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 £576,218 (2019: £803,757). The amount payable as at 30 September 2020 was £96,764 (2019: £146,264).

21. Changes in accounting policies

The Group has adopted IFRS 16 using the modified retrospective approach with an initial application date of 1 October 2019. The comparative information has not been restated and continues to be reported under IAS 17 Leases.

On transition, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of 1 October 2019. Right-of-use assets are measured at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payment.

	30 September 2019 Previously reported £	IFRS 16 Adjustments £	October 2019 Adjusted £
Non-current assets			
Right of use assets	-	657,799	657,799
Current liabilities			
Lease liabilities	-	349,061	349,061
Non-current liabilities			
Lease liabilities	-	308,738	308,738

The Company's total future minimum lease payments under non-cancellable operating leases at 30 September 2019 amounted to £1,477,560 and are reconciled to the lease liability recognised at 1 October 2019 as follows:

	Motor Vehicles £
Operating lease commitments under IAS 17 at 30 September 2019	1,477,560
Adjusted for impact of:	
Short-term leases not recognised as a liability	(779,392)
Low-value leases not recognised as a liability	(28,209)
Effect of discounting the lease liability	(12,160)
IFRS 16 Lease liability on adoption at 1 October 2019	657,799

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

22. Post balance sheet events

There were no subsequent events to year end and up to the date of approval of the financial statements, that require disclosure in, or adjustment to, these financial statements.

23. Ultimate parent undertaking and controlling party

The Company is wholly owned subsidiary of UDG Healthcare UK (Holdings) Ltd, whose ultimate parent undertaking is UDG Healthcare plc, a public limited company 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.