

Registered number: 2234557

SHARP CLINICAL SERVICES (UK) LIMITED

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

WEDNESDAY



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COMPANIES HOUSE

SHARP CLINICAL SERVICES (UK) LIMITED

COMPANY INFORMATION

DIRECTORS S. Hayes (appointed 1 October 2018)
I. Morgan
A. Ralph (resigned 1 October 2018)

COMPANY SECRETARY D. Moynagh

REGISTERED NUMBER 2234557

REGISTERED OFFICE Ashfield House
Resolution Road
Ashby-de-la-Zouch
Leicestershire
LE65 1HW

INDEPENDENT AUDITOR Ernst & Young LLP
Bedford Street
16-22 Bedford Street
Belfast
BT2 7DT

BANKERS NatWest Bank PLC
Charing Cross
Birkenhead
Merseyside
CH41 4DF

SOLICITORS Pinsent Mason
1 Redcliff Street
Bristol
BS1 6TP

SHARP CLINICAL SERVICES (UK) LIMITED

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SHARP CLINICAL SERVICES (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

PRINCIPAL ACTIVITIES

The Company's principal activities during the year have continued to be packaging, storage and distribution of clinical trial supplies for the pharmaceutical and healthcare industry. The Company's activities also include comparator sourcing and Qualified Person (QP) services.

BUSINESS REVIEW

2018 saw a downturn in gross revenue as the company was not as focused on low margin comparator sourcing as in previous years. In previous years opportunistic transactions arose which allowed the Company to benefit from comparator sales. During the year the Company was focused on preparing for the transition to the new facility in Rhymney while continuing to service existing customers. In addition, steps have been taken to further differentiate existing service offerings in the marketplace and to introduce additional capabilities and services. We are confident that with our investment in our new facility in Rhymney, increased capabilities and offerings, and increased marketing efforts we will continue to grow and achieve future financial targets.

PRINCIPAL RISKS AND UNCERTAINTIES

Non Financial Risks:

The Company is exposed to the following key risks and uncertainties:

- The impact of the uncertain global economic environment on the health care industry;
- Fluctuation in exchange rates between the pound sterling, U.S. dollar, and Euro;
- Changes in the mix of clinical trial spending by customers, sometimes intended to reduce spending but other times intended to increase outsourcing of services to companies such as Sharp Clinical Services (UK) Limited;
- Consolidation within the pharmaceutical industry that results in customers going through mergers to delay or reduce spending on research and development; and
- Non-compliance with requirements of regulatory agencies or failure to maintain quality standards resulting in loss of licences or customers or fines incurred for breach of standards.

Financial Risks:

The Company's operations expose it to a variety of financial risks that include foreign exchange and credit risk. Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. Significant transactions in foreign currencies are managed by the use of currency bank accounts held by the Company.

The Company has no significant long term debt which limits the adverse effects on the financial performance of the Company and the related finance costs. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Group management at Sharp Clinical UK level provide a required level of monitoring to the Company.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. As the majority of the Company's customers are established pharmaceutical companies, Clinical Research Organisations or Government organisations, this is not considered to be a significant risk.

SHARP CLINICAL SERVICES (UK) LIMITED

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


FUTURE DEVELOPMENTS

The directors anticipate that the future global demand/market opportunities for clinical services to be very strong. The current confirmed orders in hand and visibility of sales will support further significant growth in sales from continuing operations. The directors hope to maintain momentum by further identifying new customers and strengthening existing customer relationships through consistent and flexible performance.

KEY PERFORMANCE INDICATORS

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy with reference to two key performance indicators. These are 'Value of Production as a percentage of Revenue' and 'Book to Bill Ratio' which are 71.8% and 0.79 respectively (2017: 72.2% and 0.84). Growth and these metrics are supported by monitoring new business from success in developing new accounts; customer visits and on time deliveries ("OTD"); cash conversion metrics representing the performance of cash flow management.

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


.....
S. Hayes
Director

Date: 16 April 2019

SHARP CLINICAL SERVICES (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

PRINCIPAL ACTIVITY

The principal activities of the Company during the year were that of packaging, storage and distribution of clinical trial supplies for the pharmaceutical and healthcare industry.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £918,938 (2017: £1,137,875).

Dividends totaling £Nil (2017: £Nil) were paid during the year.

DIRECTORS

The directors who served during the year were:

I. Morgan
A. Ralph (resigned 1 October 2018)
S. Hayes (appointed 1 October 2018)

POLITICAL CONTRIBUTIONS

During the year the Company did not make any political or charitable donations (2017: £Nil).

FUTURE DEVELOPMENTS

The directors anticipate that the future global demand/market opportunities for clinical services are very strong. The current confirmed orders in hand and visibility of sales will support further significant growth in sales from continuing operations. The directors hope to maintain momentum by further identifying new customers and strengthening existing customer relationships through consistent service levels.

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.

POST BALANCE SHEET EVENTS

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

GOING CONCERN

The directors consider, having taken into account all information that could reasonably be expected to be available, that the company will have sufficient cash flow to enable it to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

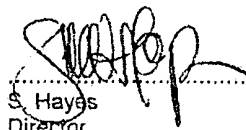
SHARP CLINICAL SERVICES (UK) LIMITED

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

AUDITOR

The auditor, Ernst & Young LLP, will continue in office in accordance with Section 487 (2) of the Companies Act 2006.

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


.....
S. Haygs
Director

Date: 16 April 2019

SHARP CLINICAL SERVICES (UK) 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 in accordance with applicable law and regulations.

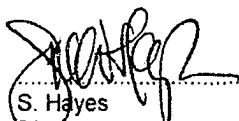
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

On behalf of the Board


S. Hayes
Director

Date: 16 April 2019

SHARP CLINICAL SERVICES (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHARP CLINICAL SERVICES (UK) LIMITED

OPINION

We have audited the financial statements of Sharp Clinical Services (UK) Limited (the 'Company') for the year ended 30 September 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in

SHARP CLINICAL SERVICES (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHARP CLINICAL SERVICES (UK) LIMITED (CONTINUED)

our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement 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.

SHARP CLINICAL SERVICES (UK) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHARP CLINICAL SERVICES (UK)
LIMITED (CONTINUED)**

AUDITORS' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Ernst & Young LLP

Ernst & Young LLP

Bedford Street
16-22 Bedford Street
Belfast
BT2 7DT

29 April 2019

SHARP CLINICAL SERVICES (UK) LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Turnover	3	8,724,172	20,227,574
Cost of sales		(4,593,487)	(14,755,132)
GROSS PROFIT		4,130,685	5,472,442
Administrative expenses		(2,835,888)	(4,039,147)
Exceptional Items	8	(191,924)	-
OPERATING PROFIT	4	1,102,873	1,433,295
Tax on profit	7	(183,935)	(295,420)
PROFIT FOR THE FINANCIAL YEAR		918,938	1,137,875

There was no other comprehensive income for 2018 (2017:£NIL).

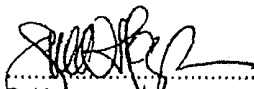
The Company has no other items of income or expense during the current year and therefore no separate statement of comprehensive income is presented.

SHARP CLINICAL SERVICES (UK) LIMITED
REGISTERED NUMBER: 2234557

BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Intangible assets	9	317,264	278,189
Tangible fixed assets	10	8,287,414	2,738,093
		<u>8,604,678</u>	<u>3,016,282</u>
CURRENT ASSETS			
Stocks	11	159,244	124,994
Debtors	12	3,493,210	3,812,588
Cash and Cash Equivalents	13	580,706	1,231,482
		<u>4,233,160</u>	<u>5,169,064</u>
Creditors: amounts falling due within one year	14	(9,319,192)	(5,764,911)
NET CURRENT LIABILITIES		<u>(5,086,032)</u>	<u>(595,847)</u>
Deferred taxation	15	(131,074)	-
		<u>(131,074)</u>	<u>-</u>
NET ASSETS		<u><u>3,387,572</u></u>	<u><u>2,420,435</u></u>
CAPITAL AND RESERVES			
Called up share capital (See Note 16)	16	24,500	24,500
Share premium account		15,750	15,750
Capital redemption reserve		2,250	2,250
Other reserves		92,405	44,206
Profit and loss account		3,252,667	2,333,729
		<u><u>3,387,572</u></u>	<u><u>2,420,435</u></u>

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



 S. Hayes
 Director

Date: 16 April 2019

SHARP CLINICAL SERVICES (UK) LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2017	24,500	15,750	2,250	44,206	2,333,729	2,420,435
Profit for the year	-	-	-	-	918,938	918,938
Capital Contribution	-	-	-	48,199	-	48,199
AT 30 September 2018	24,500	15,750	2,250	92,405	3,252,667	3,387,572

SHARP CLINICAL SERVICES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2016	24,500	15,750	2,250	14,436	1,195,854	1,252,790
Profit for the year	-	-	-	-	1,137,875	1,137,875
Capital contribution	-	-	-	29,770	-	29,770
AT 30 September 2017	24,500	15,750	2,250	44,206	2,333,729	2,420,435

SHARP CLINICAL SERVICES (UK) LIMITED

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

1. GENERAL INFORMATION

Sharp Clinical Services (UK) Limited (the "Company") is a limited company incorporated and domiciled in the UK with a registered office at Ashfield House, Resolution Road, Ashby-de-la-Zouch, Leicestershire, LE65 1HW.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. The financial statements have been prepared on the going concern basis.

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.

The Company's ultimate parent undertaking, UDG Healthcare plc incorporated in the Republic of Ireland, with its registered office at 20 Riverwalk, Citywest Campus, Dublin 24, 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 and are available to the public and may be obtained from the company website.

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

- A Cash Flow Statement 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;
- 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.

2.2 Going Concern

The directors consider, having taken into account all information that could reasonably be expected to be available, that the company will have sufficient cash flow to enable it to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

SHARP CLINICAL SERVICES (UK) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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.

The estimated useful lives range as follows:

Computer Software	-	10	years
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2.5 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.

SHARP CLINICAL SERVICES (UK) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Tangible fixed assets (continued)

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.

The estimated useful lives are as follows:

Buildings/ Leasehold property	-	20%
Plant and equipment	-	10%
Fixtures and fittings	-	10%

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 Profit and Loss and Other Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 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.

2.8 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.

2.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

SHARP CLINICAL SERVICES (UK) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Foreign currency translation

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

2.11 Finance costs

Finance costs are charged to the Statement of Profit and Loss and Other Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Profit and Loss and Other 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.

SHARP CLINICAL SERVICES (UK) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss and Other 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 balance sheet 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 Balance Sheet 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 balance sheet date.

2.14 EXCEPTIONAL ITEMS

Exceptional items are transactions which fall within the ordinary activities of the Company but in managements' judgement, should be disclosed separately in the Statement of Comprehensive income due to their size or by virtue of their nature. An analysis of exceptional items is disclosed in Note 9.

3. TURNOVER

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

	2018 £	2017 £
Sale of Goods	8,724,172	8,662,812
Sale of Services	-	11,564,762
	<u>8,724,172</u>	<u>20,227,574</u>

SHARP CLINICAL SERVICES (UK) LIMITED

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

4. OPERATING PROFIT

	2018 £	2017 £
Depreciation (Note 10)	296,191	302,285
Amortisation (Note 9)	41,932	51,644
Auditor's remuneration	8,196	7,509

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

5. EMPLOYEES

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,625,812	2,713,763
Social security costs	122,302	117,649
Cost of defined contribution scheme	94,801	86,425
	<u>2,842,915</u>	<u>2,917,837</u>

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

	2018 No.	2017 No.
Marketing, selling, and distribution	10	9
Manufacturing	53	52
Administration	10	9
	<u>73</u>	<u>70</u>

6. DIRECTORS' REMUNERATION

Aggregate director's remuneration during the year amounted to £227,500 (2017: £235,550).

During the year, no retirement benefits were accruing to directors (2017: Nil) in respect of money purchase pension schemes.

SHARP CLINICAL SERVICES (UK) LIMITED

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

7. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	27,406	322,318
Adjustments in respect of previous periods	(48,281)	41,738
TOTAL CURRENT TAX	<u>(20,875)</u>	<u>364,056</u>
DEFERRED TAX		
Origination and reversal of timing differences	157,470	(34,501)
Adjustment in respect of prior years	47,340	(34,135)
TOTAL DEFERRED TAX	<u>204,810</u>	<u>(68,636)</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u><u>183,935</u></u>	<u><u>295,420</u></u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19.0% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,102,873</u>	<u>1,433,295</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017 - 19.5%)	209,546	279,493
EFFECTS OF:		
Expenses not deductible for tax purposes	(24,670)	8,325
Adjustments in respect of prior years	(941)	7,602
TOTAL TAX CHARGE FOR THE YEAR	<u><u>183,935</u></u>	<u><u>295,420</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

As a consequence of substantially enacted legislation the main rate of UK corporation tax is scheduled to reduce to 17% by 1 April 2020. It is expected that this fall in the main corporation tax rate will result in a reduction of the Company's future current tax charge.

SHARP CLINICAL SERVICES (UK) LIMITED

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

8. EXCEPTIONAL ITEMS

	2018 £	2017 £
Accelerated depreciation	97,333	-
Costs associated with the new facility in Rhymney	94,591	-
	<u>191,924</u>	<u>-</u>

9. INTANGIBLE ASSETS

	Computer Software £
COST	
At 1 October 2017	627,112
Additions	81,007
At 30 September 2018	<u>708,119</u>
AMORTISATION	
At 1 October 2017	348,923
Charge for the year	41,932
At 30 September 2018	<u>390,855</u>
NET BOOK VALUE	
At 30 September 2018	<u>317,264</u>
At 30 September 2017	<u>278,189</u>

SHARP CLINICAL SERVICES (UK) LIMITED

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

10. TANGIBLE FIXED ASSETS

	Capital WIP £	Long-term leasehold property/ Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
COST OR VALUATION					
At 1 October 2017	62,615	2,208,769	2,566,591	355,517	5,193,492
Additions	5,840,823	-	-	4,689	5,845,512
Disposals	-	-	(779,327)	(173,411)	(952,738)
At 30 September 2018	5,903,438	2,208,769	1,787,264	186,795	10,086,266
DEPRECIATION					
At 1 October 2017	-	174,304	1,998,445	282,650	2,455,399
Charge for the year on owned assets	-	-	269,946	26,245	296,191
Disposals	-	-	(779,327)	(173,411)	(952,738)
At 30 September 2018	-	174,304	1,489,064	135,484	1,798,852
NET BOOK VALUE					
At 30 September 2018	5,903,438	2,034,465	298,200	51,311	8,287,414
At 30 September 2017	62,615	2,034,465	568,146	72,867	2,738,093

Capital WIP relates to the Rhymney Investment Project.

11. STOCKS

	2018 £	2017 £
Raw materials and consumables	117,358	98,784
Work in progress (goods to be sold)	41,886	26,210
	<u>159,244</u>	<u>124,994</u>

SHARP CLINICAL SERVICES (UK) LIMITED

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

12. DEBTORS

	2018 £	2017 £
Trade debtors	1,642,347	1,747,535
Amounts owed by group undertakings	725,812	896,809
Other debtors	332,340	623,451
Prepayments and accrued income	629,154	471,057
Corporation tax	163,557	-
Deferred taxation (Note 15)	-	73,736
	<u>3,493,210</u>	<u>3,812,588</u>

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

13. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	<u>580,706</u>	<u>1,231,482</u>

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	2,334,433	738,685
Amounts owed to group undertakings	5,408,570	2,661,304
Corporation tax	-	251,225
Other taxation and social security	91,556	76,643
Other creditors	68,434	111,065
Accruals and deferred income	1,416,199	1,925,989
	<u>9,319,192</u>	<u>5,764,911</u>

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

SHARP CLINICAL SERVICES (UK) LIMITED

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

15. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	73,736	5,100
Charged to the profit or loss account	(204,810)	68,636
AT END OF YEAR	(131,074)	73,736

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Capital allowances in excess of depreciation	(160,720)	2,094
Short term timing differences	29,646	71,642
	(131,074)	73,736

16. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
24,500 Ordinary shares of £1 each	24,500	24,500

Share Capital: Called up share capital represents the nominal value of shares that have been issued.

Share premium: Share premium represents the difference between the par value of the shares issued and the issue price.

Profit and loss account: Profit and loss account includes all current and prior period retained profits and losses attributable to the shareholders of the Company.

Other reserves: The capital contribution reserve represents capital contributions from UDG Healthcare PLC in relation to share based payment charges.

SHARP CLINICAL SERVICES (UK) LIMITED

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

17. CONTINGENT LIABILITIES

The Company has guaranteed certain bank loans, loan notes and other bank facilities of UDG Healthcare plc and subsidiaries (the group) by way of composite cross guarantees. At 30 September 2018, the total amount of group borrowings guaranteed amounted to €193.5m (2017: €193.4m).

The Company has guaranteed obligations, by way of debentures, to United Drug (UK) Holding Limited by way of fixed and first floating charges on all the undertaking, property, assets and rights of the company at any time.

18. COMMITMENTS 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	85,961	203,250
Later than 1 year and not later than 5 years	-	86,813
	<u>85,961</u>	<u>290,063</u>

19. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events noted.

20. CONTROLLING PARTY

The Company is a wholly owned subsidiary of Sharp Clinical Services (UK) Holdings Limited, a company registered and operating in the United Kingdom whose ultimate parent company is UDG Healthcare plc, a public limited company incorporated 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, Dublin 24, Ireland.

21. Approval of financial statements

The board of directors approved these financial statements for issue on 16 April 2019.