

Registrar's Copy

Pharm-Olam International (UK) Limited

Report and Financial Statements

Year ended

31 December 2017

Company Number 03125708



Pharm-Olam International (UK) Limited

**Report and financial statements
for the year ended 31 December 2017**

Contents

Page:

1	Strategic report
2	Report of the directors
4	Independent auditor's report
7	Statement of comprehensive income
8	Balance sheet
9	Statement of changes in equity
10	Notes forming part of the financial statements

Directors

J D Barry
N K Gassen
D L Grange
Y Khan

Registered office

One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB

Company number

03125708

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX

Legal form

Private company limited by shares

Pharm-Olam International (UK) Limited

Strategic report
for the year ended 31 December 2017

The directors present the strategic report, the report of the directors and financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company continued to be that of management and consulting of clinical research trials.

Review of the business and key performance indicators

Key performance indicators of the company include turnover, gross profit margin, cash position and net current asset position.

The directors are satisfied with the level of turnover of the company and are satisfied that the company will maintain or improve this level of performance for the foreseeable future.

During the year, turnover increased by 16.4% to £26.2 million (2016 - £22.5 million) due to an increased value of projects being undertaken during the year and associated increased activity. Turnover represents revenue derived from sales of services, excluding value added tax, and is a key performance indicator, as it measures the output of the business. The company achieved a gross profit margin of 15.1% (2016 - 22.5%) and a net profit margin of 1.0% (2016 - 2.4%).

The company's cash position at the year end was healthy, with cash at bank and in hand of £2.6 million (2016 - £2.8 million). The company had net current assets of £3.0 million (2016 - £2.9 million) and net assets of £3.7 million (2016 - £3.5 million) at the year end.

We believe the company's position in the market place remains strong, and we look forward to continued growth in 2018.

Principal risks and uncertainties

CRO industry

The company operates in a very competitive industry, competing with both small providers offering niche services, and large global CROs. In addition to this competition, some of the company's customers have the ability to carry out many of the CRO's activities, and thus do not require all of a CRO's services.

Pharmaceutical industry

The company is reliant upon companies within the pharmaceutical industry continuing to outsource research and development expenditure. Any factors that affect or delay the level of outsourcing (such as merger and acquisition activity, lack of pipeline within the pharmaceutical industry, etc.) will impact the company's ability to generate revenues.

Approval

This strategic report was approved on behalf of the Board on 15/09/18



D L Grange
Director

Pharm-Olam International (UK) Limited

Report of the directors for the year ended 31 December 2017

The directors present their report together with the strategic report and the audited financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £253,548 (2016 - £543,938).

The directors do not recommend payment of an ordinary dividend (2016 - £Nil).

Future developments

The directors anticipate that the company will maintain or improve its level of performance for the foreseeable future.

Financial instruments and risk management

Treasury activities take place under procedures and policies monitored by the directors. They are designed to minimise the financial risks faced by the company which primarily arise from interest rate, credit and liquidity risks. It is not the policy of the company to enter into speculative transactions.

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and balances with group companies. The purpose of these instruments is to raise funds for and finance the company's operations.

In respect of bank balances, liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk. The company makes use of money market facilities where funds are available.

In respect of loans, these comprise loans from related companies, which are interest free and payable on demand. The directors are aware of the company's required finance and have determined that these will only be repaid when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The company has no financial instruments to hedge foreign exchange exposure and does not enter into derivative transactions.

Directors

The directors of the company during the year were:

J D Barry	(appointed 20 November 2017)
N K Gassen	(appointed 20 November 2017)
D L Grange	(appointed 20 November 2017)
Y Khan	(appointed 20 November 2017)
S Munk	(resigned 20 November 2017)
Dr Z M Munk	(resigned 20 November 2017)

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the directors of Pharm-Olam International (UK) Limited.

Pharm-Olam International (UK) Limited

**Report of the directors
for the year ended 31 December 2017 (continued)**

Directors' responsibilities

The directors are responsible for preparing the strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

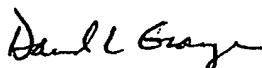
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2008. 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board



**D L Grange
Director**

Date 15/05/18

Pharm-Olam International (UK) Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

Opinion

We have audited the financial statements of Pharm-Olam International (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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. 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and the report of the directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Pharm-Olam International (UK) Limited

Independent auditor's report (continued)

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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors 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 report of the directors.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Pharm-Olam International (UK) Limited

Independent auditor's report (continued)

Use of our report

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

BDO LLP

Dan Wesolowski (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date 19 October 2018

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

Pharm-Olam International (UK) Limited

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £ Restated - Note 2
Turnover	4	26,156,317	22,477,337
Cost of sales		(22,205,620)	(17,414,904)
Gross profit		3,950,797	5,062,433
Administrative expenses		(3,653,849)	(4,382,412)
Operating profit	5	296,948	680,021
Other interest receivable and similar income	7	16,576	2,490
Interest payable and similar charges	8	(433)	(373)
Profit on ordinary activities before taxation		313,091	682,138
Taxation on profit from ordinary activities	9	(59,543)	(138,200)
Profit for the financial year		253,548	543,938
Total comprehensive income for the year		253,548	543,938

All amounts relate to continuing activities.

The notes on pages 10 to 21 form part of these financial statements.

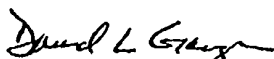
Pharm-Olam International (UK) Limited

Balance sheet at 31 December 2017

Company number 03125708	Note	2017 £	2017 £	2016 £	2016 £ Restated - Note 2
Fixed assets					
Tangible assets	10		272,501		62,353
Investments	11		493,488		493,488
			<u>765,989</u>		<u>545,821</u>
Current assets					
Debtors	12	8,035,208		5,884,315	
Cash at bank and in hand		2,846,234		2,825,724	
		<u>10,881,442</u>		<u>8,690,039</u>	
Creditors: amounts falling due within one year	13	(7,718,933)		(5,760,930)	
Net current assets			<u>2,862,509</u>		<u>2,929,109</u>
Total assets less current liabilities			<u>3,728,478</u>		<u>3,474,930</u>
Capital and reserves					
Called up share capital	15		60,000		60,000
Profit and loss account	16		3,678,478		3,424,930
Shareholders' funds			<u>3,728,478</u>		<u>3,474,930</u>

The financial statements were approved by the Board of Directors and authorised for issue on

15/05/18


D L Grange
Director

The notes on pages 10 to 21 form part of these financial statements.

Pharm-Olam International (UK) Limited

Statement of changes in equity for the year ended 31 December 2017

	Share capital £	Profit and loss account £	Total equity £
1 January 2016	50,000	2,880,992	2,930,992
Comprehensive income for the year			
Profit on ordinary activities after taxation	-	543,938	543,938
31 December 2016	50,000	3,424,930	3,474,930
Comprehensive income for the year			
Profit on ordinary activities after taxation	-	253,548	253,548
31 December 2017	50,000	3,678,478	3,728,478

The notes on pages 10 to 21 form part of these financial statements.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

Pharm-Olam International (UK) Limited is a company incorporated, registered and domiciled in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies, see note 3.

Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Pharm-Olam Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate. Further, Pharm-Olam International Ltd., the ultimate parent company, has confirmed its intention to support the company, as required, to ensure that the company can meet its obligations for a period of at least one year from the date of issuance of these financial statements.

FRS 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a cash flow statement;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the number of shares outstanding at the beginning and end of the year;
- Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total; and
- Certain requirements of Section 11 and 12 relating to financial instrument disclosures.

This information is included in the consolidated financial statements of Pharm-Olam Group Limited as at 31 December 2017 and these financial statements may be obtained from Pharm-Olam Group Limited, One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB.

The following principal accounting policies have been applied:

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies (continued)

Turnover

Turnover represents amounts receivable for services which fall within the company's ordinary activities, net of VAT and trade discounts. 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 at the fair value of consideration received or receivable net of any sales tax or discounts.

Revenue recognition

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors in accrued income and amounts recognised in revenue. Amounts billed in excess of the relevant amount of revenue recognised are included in creditors in payments on account.

Fee income that is contingent on events outside the control of the company is recognised when the contingent event occurs.

Tangible fixed assets and depreciation

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

Fixtures, fittings and computer equipment - 3 - 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating income or losses' in the statement of comprehensive income.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

1 Accounting policies (continued)

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

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

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

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

Leasing

All leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

1 Accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling' or 'GBP', which is the company's presentation currency and functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Pensions

Contributions to the Company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2 Prior year restatements

During the year, the directors have re-assessed the classification of cost of sale and administrative expenses within the statement of comprehensive income. As a result of this, certain costs previously classified as administrative expenses have been reclassified to cost of sales. In order to present comparable information, the classification of similar costs included in the prior year financial statements have also been reclassified. This has resulted in a £1,504,820 increase in cost of sales and a corresponding decrease in administrative expenses in the year ended 31 December 2016. This has no impact on previously recognised profit or upon net assets at 31 December 2016.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

2 Prior year restatements (continued)

The directors have also considered the presentation of intercompany receivables and payables within the balance sheet. The directors have identified balances for which the company had the right to settle on a net basis, but which were presented on a gross basis. The directors have now corrected the presentation so that the balances are shown on a net basis. This has resulted in a £1,254,769 decrease in amounts owed by parent and fellow subsidiary undertakings and a corresponding decrease in amounts owed to parent and fellow subsidiary undertakings as at 31 December 2016. This has no impact on previously recognised profit or upon net assets at 31 December 2016.

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

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

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- Trade debtors impairment loss (see note 12)

Trade debtors are reviewed for impairment loss on an annual basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

- Foreign currencies

Foreign exchange rates are obtained using the HMRC monthly, average and spot rates. These are used as they are believed to be an accurate estimation of the exchange rates for any given month.

- Project completion and recognition

The Company's policy is to recognise revenue for projects as contract activity is undertaken by the company on those projects. For projects with multiple stages with separable identifiable revenue allocated to each stage, then revenue for each stage is recognised during the completion of that stage on a percentage complete basis, which is an estimate. Revenue that is contingent on any event outside the control of the Company is recognised when the contingent event occurs.

4 Turnover

Analysis of turnover by country of destination	2017 £	2016 £
United Kingdom	2,176,635	3,035,055
Rest of Europe	17,232,213	13,895,515
Rest of the World	6,747,469	5,546,767
	<u>26,156,317</u>	<u>22,477,337</u>

Analysis by class of business

The Company's entire turnover is attributable to the management and consulting of clinical research trials.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

5	Operating profit	2017	2016
		£	£
	This has been arrived at after charging:		
	Depreciation of tangible assets	57,568	45,212
	Operating lease rentals	217,140	180,789
	Auditors' remuneration for the audit of the company's annual accounts	43,750	40,953
	Loss on foreign exchange transactions	36,338	246,923
6	Employees	2017	2016
		£	£
	Staff costs consist of:		
	Wages and salaries	3,611,776	5,227,319
	Social security costs	407,291	550,914
	Other pension costs	163,704	199,456
		4,182,771	5,977,689
	The average number of employees (including directors) during the year was:		
		2017	2016
		Number	Number
	Clinical	65	73
	Business development	4	3
	Administration	11	10
	Quality	2	2
		82	88
	No remuneration was paid to the directors relating to services to the company during the year (2016 - £Nil).		
7	Other interest receivable and similar income	2017	2016
		£	£
	Bank interest	16,576	2,490
8	Interest payable and similar charges	2017	2016
		£	£
	Bank loans and overdrafts	433	373

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

9 Taxation on profit from ordinary activities	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax on profit for the year	30,365	147,805
Adjustments for previous periods	(331)	(22,224)
Relief for overseas tax	(3,510)	(4,213)
	26,524	121,368
Foreign corporation tax	3,510	4,213
	30,034	125,581
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 14)	28,509	12,619
	59,543	138,200

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	313,091	682,138
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	60,270	136,428
Effects of:		
Non deductible expenses	6,475	927
Adjustments for previous periods	(331)	(22,224)
Deferred tax adjustments	(3,905)	(485)
Other tax adjustments	(2,966)	23,554
	59,543	138,200

Factors that may affect future tax charges

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate from 19% at 31 December 2017 to 17% from 1 April 2020. There were no other factors that may affect future tax charges.

For the purposes of deferred tax, the rate change from 19% to 17% had been substantively enacted before the balance sheet date. This will reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

10 Tangible assets

	Fixtures, fittings and computer equipment £	Total £
<i>Cost</i>		
At 1 January 2017	1,581,229	1,581,229
Additions	277,716	273,051
At 31 December 2017	1,858,945	1,854,280
<i>Depreciation</i>		
At 1 January 2017	1,528,876	1,528,876
Charge for the year	57,568	57,568
At 31 December 2017	1,586,444	1,586,443
<i>Net book value</i>		
At 31 December 2017	272,501	267,837
At 31 December 2016	52,353	52,353

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

11 Fixed asset investments

Unlisted
Investments
£

Cost and net book value

At 1 January 2017 and at 31 December 2017

493,468

Company	Registered office address	Shares held	
		Class	%
Subsidiary undertakings			
Pharm-Olam International (India) Pvt Limited	India	Ordinary	100%
Pharm-Olam (Bulgaria) EOOD	Bulgaria	Ordinary	100%
Pharm-Olam International doo	Croatia	Ordinary	100%
Pharm-Olam International (Spain) S.L.	Spain	Ordinary	100%
Pharm-Olam International (Polska) Sp.	Poland	Ordinary	100%
Pharm-Olam International Deutschland GmbH	Germany	Ordinary	100%
Pharm-Olam International (Belgium) Pvt Limited	Belgium	Ordinary	99%
Pharm-Olam (Hungary) Medical Research LLC	Hungary	Ordinary	100%
Pharm-Olam International (Italy) S.R.L.	Italy	Ordinary	100%
Pharm-Olam (Turkey)	Turkey	Ordinary	100%
Pharm-Olam International s.r.o.	Czech Republic	Ordinary	100%
Pharm-Olam International doo	Serbia	Ordinary	100%
Pharm-Olam International (France) SAS	France	Ordinary	100%
Pharm-Olam International (Israel) Limited	Israel	Ordinary	100%

All of the subsidiary companies carry out the management and consulting of clinical research trials except Pharm-Olam (Bulgaria) EOOD which is dormant.

The company, together with its subsidiaries as detailed above, are included in the group financial statements of Pharm-Olam Group Limited. Pharm-Olam International (Israel) Limited and Pharm-Olam (Bulgaria) EOOD are not included in the consolidated group results as these entities are immaterial for group purposes.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 *(continued)*

11 Investment in subsidiaries *(continued)*

The registered office of each of the company's subsidiaries is as follows:

Pharm-Olam International (India) Pvt Limited	No. 15, KMJ Arcadia, I Floor, Industrial Main Road, Koramangala, 5th Block, Bangalore – 560 095, India
Pharm-Olam (Bulgaria) EOOD	55 Parchevich Str. 1000 Sofia, Bulgaria
Pharm-Olam International d.o.o	Adnicka cesta39, 10000 Zagreb, Croatia
Pharm-Olam International (Spain) S.L.	Calle Antracita, 7 , Floor 1 – Unit 6 , Madrid, 28045, Spain
Pharm-Olam International (Polska) Sp.z.o.o	Al. Jerozolimskie 181, 02-222 Warszawa, Polska
Pharm-Olam International Deutschland GmbH	Ingolstädter Str. 20, 80807 München, Germany
Pharm-Olam International (Belgium) Pvt Limited	Dorp 14 a, Testelt, 3272, Belgium
Pharm-Olam (Hungary) Medical Research LLC	H-1031 Budapest, Kalászl út 11, Hungary
Pharm-Olam International (Italy) SRL	Piazza Buonarroti 32, 20145 Milano, Italy
Pharm-Olam (Turkey)	Buyukdere Cad. Ali Kaya Sok. Polat Plaza B Blok No:4 K:13, Levent Istanbul Turkey 34394
Pharm-Olam International s.r.o.	Doudlebská 1699/5, 140 00 Prague 4, Czech Republic
Pharm-Olam International doo	Djordja , Stanojevic 14, 11000 Belgrade, Serbia
Pharm-Olam International (France) SAS	20 rue Lafitte , 75009, Paris, France
Pharm-Olam International (Israel) Limited	122 Moria Boulevard, Zip Code 3461813 Haifa Israel, P.O.Box 7511, Zip Code 3107401

12 Debtors

	2017 £	2016 £ Restated - Note 2
Trade debtors	1,771,279	2,955,469
Amounts owed by parent and fellow subsidiary undertakings	1,303,624	342,399
Other debtors	41,120	30,846
Prepayments and accrued income	4,918,985	2,527,386
Deferred taxation (note 14)	-	8,215
	<u>8,035,208</u>	<u>5,864,315</u>

Prepayments and accrued income shown above includes accrued income of £4,800,246 (2016 - £2,446,128).

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

13 Creditors: amounts falling due within one year

	2017 £	2016 £ Restated - Note 2
Trade creditors	976,727	214,293
Amounts owed to parent and fellow subsidiary undertakings	291,972	560,100
Corporation tax	5,490	48,149
Other taxes and social security costs	102,379	52,636
Other creditors	24,807	51,852
Payments received on account	4,456,867	3,395,145
Accruals and deferred income	1,839,387	1,438,955
Deferred taxation (note 14)	21,294	-
	<u>7,718,933</u>	<u>5,760,930</u>

Accruals and deferred income shown above includes deferred income of £1,055,638 (2016 - £569,364).

14 Deferred taxation

	2017 £	2017 £
At 1 January 2017 - asset		8,215
Debit to the profit and loss account		(29,509)
		<u>(21,294)</u>
As at 31 December 2017 - liability		<u>(21,294)</u>
	2017 £	2017 £
Accelerated capital allowances	(25,890)	1,246
Other short term timing differences	4,596	6,969
	<u>(21,294)</u>	<u>8,215</u>

15 Share capital

	2017 Number	Allotted, called up and fully paid 2016 Number	2017 £	2016 £
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

The Company has one class of ordinary shares which carries no right to fixed income.

16 Reserves

Profit and loss account

The profit and loss account represents cumulative profits, losses and total other recognised gains or losses made by the Company, including distributions.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

17 Commitments under operating leases

As at 31 December 2017, the Company had minimum lease payments under non cancellable operating leases as set out below:

	Land and buildings 2017 £	Other 2017 £	Land and buildings 2016 £	Other 2016 £
Within one year	174,092	8,457	42,810	8,227
In two to five years	353,720	9,688	-	18,240
Over five years	-	-	-	-
	<u>527,812</u>	<u>18,145</u>	<u>42,810</u>	<u>26,467</u>

18 Related party transactions

During the year the Company was charged for monitoring and research services carried out by its subsidiary undertakings and entered into financing arrangements with its subsidiaries. The resulting amounts owed to the Company by its parent and fellow subsidiaries was £1,303,825 (2016 - £342,399) and is included within amounts owed by parent and fellow subsidiary undertakings in note 12. The resulting amounts owed by the Company to its subsidiaries was £291,972 (2016 - £560,100) and is included within amounts owed to subsidiary undertakings in note 13.

Further disclosures of transactions entered into between the Company and other wholly owned members of the group are not provided in line with FRS 102 section 33.1A.

19 Ultimate controlling party

Pharm-Olam International (UK) Limited is a wholly owned subsidiary of Pharm-Olam Group Limited, a company registered in England and Wales and the smallest group in which the results of the company are consolidated. The consolidated accounts of this company are available to the public and may be obtained from Pharm-Olam Group Limited, One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB.

Pharm-Olam Group Limited is wholly owned by Pharm-Olam International Limited, a company based in Texas, United States of America and the largest group in which the results of the company are consolidated. The company's ultimate controlling party up until 1 February 2017 was Dr Z. M. Munk, a director of this company. On 1 February 2017 Quad-C Management Inc. ("Quad-C") acquired a controlling stake in Pharm-Olam International Ltd.