

Registered number: 02211403

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED
(FORMERLY INC RESEARCH CLINICAL DEVELOPMENT SERVICES
LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

COMPANY INFORMATION

Directors	A J Macdonald K M M Connell (appointed 5 February 2019) N N Singh (appointed 5 February 2019)
Registered number	02211403
Registered office	Farnborough Business Park 1 Pinehurst Road Farnborough Hampshire United Kingdom GU14 7BF
Independent auditor	Deloitte LLP Statutory Auditor 3 Victoria Square Victoria Street St Albans United Kingdom AL1 3TF
Bankers	ING BANK N.V. 60 London Wall London EC2M 5TQ

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

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**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The directors present their strategic report for the year ended 31 December 2018.

Business review

The principal activity of the company continued to be the provision of specialist clinical research services to the pharmaceutical industry. The company also acts as an intermediate holding company.

Results for the year are presented in the financial statements.

The financial statements have been prepared on a standalone rather than consolidated basis as the company is taking the exemption available under section 401 of the Companies Act 2006.

On 10 May 2017 the ultimate controlling party, Syneos Health Inc. (formerly INC Research Holdings, Inc. - see note 18) entered into an agreement and plan of merger with Double Eagle Parent, Inc., the indirect parent company of inVentiv Group Holdings, Inc., pursuant to which inVentiv will merge with and into INC Research Holdings, Inc. with INC Research Holdings, Inc. surviving the merger. On 1 August 2017 the group announced the successful completion of the merger.

On 4 January 2018 the group announced the launch of its new brand identity Syneos Health, Inc. signifying the culmination of a merger combining industry-leading Contract Research Organisation (CRO) and Contract Commercial Organisation (CCO) capabilities. During 2019 a number of entities in the group have changed their names in line with the new Syneos Health branding and the group has begun to rationalise duplicate operations in various countries with some entities combining and/or ownership being transferred within the group.

On 1 July 2019 the company transferred all employee contracts to Syneos Health UK Limited (formerly INC Research UK Limited).

Principal risks and uncertainties

The company is part of the Syneos Health Inc. group and risks are assessed across the group taking into account local regulations and conditions. Further details on business risks and uncertainties can be found in the consolidated financial statements for the period ended 31 December 2018 at the address included in note 24.

Credit risk

The company now operates on a cost plus basis and has no third party credit risk. The group has a diverse portfolio of customers and operate across a broad range of the clinical research industry and do not place reliance on any one customer or sector of the industry. Over recent years, the business policy of targeted acquisition has enabled it to increase the number of therapeutic areas in which it specialises, therefore minimising the risk of a significant downturn in one area. The group also mitigates direct risk from customers by taking deposits for certain types of activity and by requiring payment within 30 days of invoice and using a managed credit control function.

Foreign currency risk

The group has a significant exposure in relation to US Dollars and the Euro. Turnover, leases and operational costs are denominated in both currencies. The group has further exposure in other worldwide currencies, although not as significant. The group seeks to reduce its foreign exchange exposure arising in various currencies through matching, as far as possible, receipts and payments in individual currencies.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Financial key performance Indicators

The results for the company show turnover of £3,043,042 (2017 - £3,510,835) and a loss before tax of £16,836,004 (2017 - profit £2,493,280).

Other key performance indicators

The average monthly employee numbers have decreased to 61 (2017 - 65).

The directors of the company believe that further analysis using KPI's is not appropriate for an understanding of the performance of Syneos Health Clinical Development Services Limited (formerly INC Research Clinical Development Services Limited) as performance and results are analysed at a worldwide level.

Future Developments

During the year the ultimate parent company (Note 24) initiated a legal entity restructuring and as a part of the restructuring the company will be liquidated or struck off and so the financial statements are prepared on a basis other than going concern (Note 2).

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


N N Singh
Director

Date: 27 September 2019

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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.

Results and dividends

The loss for the year, after taxation, amounted to £17,015,604 (2017 - profit £2,511,580).

During the year no dividend was paid (2017 - £3,469,626). The directors do not recommend the payment of a final dividend (2017 - £nil).

Going Concern

In connection with the preparation of the financial statements for the year ended 31 December 2018 the company has conducted an evaluation as to whether there were conditions or events, considered in the aggregate, which raised substantial doubt as to the company's ability to continue as a going concern for one year after the date of issuance, or the date of availability, of the financial statements to be issued. During the year the ultimate parent company (Note 24) initiated legal entity restructuring and as a part of the restructuring the company will be liquidated or struck off and so the financial statements are prepared on a basis other than going concern (Note 2).

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors

The directors who served during the year were:

A J Macdonald
K M M Connell (appointed 5 February 2019)
N N Singh (appointed 5 February 2019)

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Future developments

A full review of the company's activities during the financial year and future developments are contained within the strategic report on pages 1 - 2.

Financial Risk

Financial risk management and risk exposure policies have been discussed in the Strategic Report on pages 1 - 3 and form part of this report by cross reference.

Post balance sheet events

On 26 March 2019 the company paid an interim dividend of £17,141,800.

On 1 July 2019 the company transferred all employee contracts to Syneos Health UK limited (formerly INC Research UK Limited).

During the year the ultimate parent company (Note 24) initiated legal entity restructuring and as part of the restructuring the company may be liquidated or struck off at a future date. Uncertainty exists with respect to the company's going concern however the date and form of dissolution, if any, is not known, but any existing contracts, asset and liabilities of the company would be assumed by another surviving entity.

Research and development activities

The nature of the business means that the company incurs expenses from time to time in research and development. Research and development expenditure is written off as incurred.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

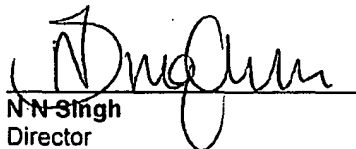
**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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


N N Singh
Director

Date: 27 September 2019

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SYNEOS HEALTH CLINICAL
DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH CLINICAL DEVELOPMENT
SERVICES LIMITED)**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Syneos Health Clinical Development Services Limited (formerly INC Research Clinical Development Services Limited) (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 24.

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).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors responsible for the other information. The other information comprises the information included in the annual report, other than the and our Auditor's Report thereon. Our opinion on the 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.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SYNEOS HEALTH CLINICAL
DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH CLINICAL DEVELOPMENT
SERVICES LIMITED) (CONTINUED)**

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 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 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 respect of these matters.

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SYNEOS HEALTH CLINICAL
DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH CLINICAL DEVELOPMENT
SERVICES LIMITED) (CONTINUED)**

Matters on which we are required to report by exception

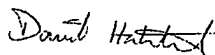
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



David Halstead FCA (Senior Statutory Auditor)
For and on behalf of
Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
Date: 27 September 2019

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	3,043,042	3,510,835
Cost of sales		(1,711,026)	(2,061,297)
Gross profit		1,332,016	1,449,538
Administrative expenses		(1,291,175)	(1,090,498)
Operating profit	5	40,841	359,040
Proceeds from sale of fixed assets investments		1,656,609	-
Income from fixed assets investments	8	17,945,625	976,648
Impairment on investment in subsidiaries		(37,848,084)	-
Interest receivable and similar income	9	1,369,910	1,184,985
Interest payable and expenses	10	(905)	(27,393)
(Loss)/profit before tax		(16,836,004)	2,493,280
Tax on (loss)/profit	11	(179,600)	18,300
(Loss)/profit for the financial year		(17,015,604)	2,511,580
Total comprehensive (loss)/income for the year		(17,015,604)	2,511,580

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

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

The notes on pages 12 to 30 form part of these financial statements.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)
REGISTERED NUMBER:02211403**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	96,017	171,005
Investments	14	6,352,916	44,201,640
		<u>6,448,933</u>	<u>44,372,645</u>
Current assets			
Debtors: amounts falling due after more than one year	15	20,772,680	19,524,565
Debtors: amounts falling due within one year	15	20,924,411	2,043,785
Cash at bank and in hand	16	920,226	325,887
		<u>42,617,317</u>	<u>21,894,237</u>
Creditors: amounts falling due within one year	17	(240,376)	(663,620)
Net current assets		<u>42,376,941</u>	<u>21,230,617</u>
Total assets less current liabilities		<u>48,825,874</u>	<u>65,603,262</u>
Provisions for liabilities			
Other provisions	19	(312,362)	(74,146)
		<u>(312,362)</u>	<u>(74,146)</u>
Net assets		<u><u>48,513,512</u></u>	<u><u>65,529,116</u></u>
Capital and reserves			
Called up share capital	20	13,831	13,831
Profit and loss account	21	48,499,681	65,515,285
		<u><u>48,513,512</u></u>	<u><u>65,529,116</u></u>

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



NN Singh
Director

Date: 27 September 2019

The notes on pages 12 to 30 form part of these financial statements.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	13,831	66,496,871	66,510,702
Comprehensive income for the year			
Profit for the year	-	2,511,580	2,511,580
Total comprehensive income for the year	-	2,511,580	2,511,580
Dividends paid	-	(3,469,626)	(3,469,626)
Distributions relating to loans	-	(23,540)	(23,540)
Total transactions with owners	-	(3,493,166)	(3,493,166)
At 1 January 2018	13,831	65,515,285	65,529,116
Comprehensive income for the year			
Loss for the year	-	(17,015,604)	(17,015,604)
Total comprehensive income for the year	-	(17,015,604)	(17,015,604)
At 31 December 2018	13,831	48,499,681	48,513,512

The notes on pages 12 to 30 form part of these financial statements.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Syneos Health Clinical Development Services Limited (formerly INC Research Clinical Development Services Limited) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is Farnborough Business Park, 1 Pinehurst Road, Farnborough, Hampshire, United Kingdom, GU14 7BF. The principal place of business is located at 4 Fleming Building, Edinburgh Technopole, Milton Bridge, Near Penicuik, Midlothian, United Kingdom, EH26 0BE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a basis other than going concern (Note 2.3) 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.

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

The 2018 financial statements contain information about Syneos Health Clinical Development Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken exemption under section 401 of the Companies Act 2006 and FRS 102 from the requirement to prepare group accounts as the company and all of its subsidiaries are included in the consolidated accounts of Syneos Health Inc. which are publicly available at the address included in note 24.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest pound sterling (£).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements:

- as permitted by FRS 102 paragraph 1.12b, the company has not prepared a cashflow statement;
- as permitted by FRS 102 paragraph 33.1a, the company has not disclosed any related party transactions with wholly owned subsidiaries.
- as permitted by FRS 102 paragraph 1.12e, the company has not disclosed key management personnel compensation.
- as permitted by FRS 102 paragraph 1.12c, the company has not disclosed information about financial instruments

2.3 Going concern

In connection with the preparation of the financial statements for the year ended 31 December 2018 the company has conducted an evaluation as to whether there were conditions or events, considered in the aggregate, which raised substantial doubt as to the company's ability to continue as a going concern for one year after the date of issuance, or the date of availability, of the financial statements to be issued. During the year the ultimate parent company (Note 24) initiated legal entity restructuring and as a part of the restructuring the company will be liquidated or struck off and so the financial statements are prepared on a basis other than going concern.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 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

2.5 Tangible 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred

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:

Leasehold improvements	-	20% or over term of lease
Fixtures and fittings	-	20%
Computer equipment	-	33%

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.

2.6 Impairment of fixed assets

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.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less provision for impairment. The carrying value of investments are reviewed annually for impairment when events or changes in circumstances indicate the full carrying value may not be recoverable. Carrying value is determined by reference to net assets of the company and underlying group or the present value of future cashflows if more relevant.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at amortised cost using the effective interest method.

2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the transaction price and subsequently an amortised cost using the effective interest method, except for financing transactions which are measured at the present value of the future cash flows.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.10 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.

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound 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. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.12 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a consistent rate on the carrying amount.

2.13 Dividends paid

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

2.14 Dividend Income

Revenue is recognised when the company's right to receive payment is established.

2.15 Operating leases: the company as lessee

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

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

**SYNEOS HEALTH CLINICAL DEVELOPMENT SERVICES LIMITED (FORMERLY INC RESEARCH
CLINICAL DEVELOPMENT SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.16 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

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. Amounts paid in advance are shown in prepayments as an asset in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.17 Holiday pay accrual

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

2.18 Interest Income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

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.

2.21 Research and development

Research and development expenditure is written off as it is incurred.

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3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 2, the directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of investments

The company assesses at the end of each reporting period, whether there is any indication that the investments may be impaired. If such an indication were to become apparent, the company would estimate the recoverable amount of the asset.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

Critical accounting judgements

The directors do not consider there to be any critical judgements.

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4. Turnover

All turnover is attributable to clinical research services.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	2,995,224	3,486,984
Rest of the world	47,818	23,851
	<u>3,043,042</u>	<u>3,510,835</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Research & development charged as an expense	1,563,918	1,563,918
Exchange differences	(70,033)	368
Other operating lease rentals	96,105	94,116
Defined contribution pension cost	107,033	119,610
	<u>1,596,923</u>	<u>1,778,032</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts. Non-audit fees during the year were £nil (2017 - £nil)	13,000	13,000
	<u>13,000</u>	<u>13,000</u>

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7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,256,758	2,285,142
Social security costs	62,735	258,213
Cost of defined contribution scheme	107,033	119,610
	<u>2,426,526</u>	<u>2,662,965</u>

During the year, the director did not receive any remuneration (2017 - £nil).

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

	2018 No.	2017 No.
Project management and management	10	10
Clinical operation	40	43
Sales, general and administration	5	5
Quality assurance	1	2
Data service	5	5
	<u>61</u>	<u>65</u>

On 1 July 2019 the company transferred all employees to Syneos Health UK Limited (formerly INC Research UK Limited).

8. Income from investments

	2018 £	2017 £
Dividends received from group undertakings	17,945,625	976,648
	<u>17,945,625</u>	<u>976,648</u>

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9. Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group undertakings	1,369,804	1,184,985
Other interest receivable	106	-
	<u>1,369,910</u>	<u>1,184,985</u>

Interest receivable from group undertakings comprises of an unsecured loan note due from INC Research Europe Holdings Limited which bears interest at the higher of 3 months LIBOR or 7.04% which is due for repayment on 30 November 2020.

Also included within the interest receivable from group undertakings is an unsecured loan with Syneos Health UK Limited (formerly INC Research UK Limited) which is repayable on demand and bears interest of LIBOR plus 4.75%.

10. Interest payable and similar expenses

	2018 £	2017 £
Loans from group undertakings	905	27,393
	<u>905</u>	<u>27,393</u>

Loans from group undertakings comprise of an unsecured loan which is repayable on demand and bears interest of LIBOR plus 4.75%.

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FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	179,600	(18,300)
	<u>179,600</u>	<u>(18,300)</u>
Total current tax	<u>179,600</u>	<u>(18,300)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>179,600</u>	<u>(18,300)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(16,836,004)</u>	<u>2,493,280</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(3,198,841)	479,871
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,270,216	3,930
Non-taxable income	(3,724,424)	(192,486)
Group relief	(212,789)	(122,444)
Deferred tax not recognised	66,567	(189,589)
Changes to tax rates	(21,129)	2,418
Total tax charge for the year	<u>179,600</u>	<u>(18,300)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Taxation (continued)

Factors that may affect future tax charges

As at the balance sheet date there was an unrecognised deferred tax asset of £3,540,028 (2017 - £4,246,145) arising as a result of accelerated capital allowances and other timing differences. In addition the company has trading losses carried forward of £25,666,184 (2017 - £25,666,184).

Following the decision to transfer all employee contracts to Syneos Health UK Limited (formerly INC Research UK Limited), the deferred tax asset in respect of historical trading losses, accelerated capital allowances and other timing differences has been reversed on the basis that the company does not expect to make sufficient future taxable profits against which to offset these losses (2017 - £179,600). None of the losses are expected to be utilised during 2019.

The Finance Act 2015 was enacted in October 2015 and introduced a reduction in the headline rate of corporation tax to 20% from 1st April 2016 to 19% by 1st April 2017, and a further reduction to 18% from 1 April 2020.

The Finance Act 2016, enacted in September 2016, reduced the headline rate of corporation tax from 1 April 2020 from 18% to 17%.

12. Dividends

	2018 £	2017 £
Equity dividends paid	-	3,469,626
	<u>-</u>	<u>3,469,626</u>

On 26 March 2019 subsequent to year end, the company paid an interim dividend of £17,141,800 (2017 - £nil).

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13. Tangible assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2018	281,440	297,995	161,189	740,624
Additions	-	-	220	220
Disposals	-	-	(719)	(719)
At 31 December 2018	281,440	297,995	160,690	740,125
Depreciation				
At 1 January 2018	263,853	191,913	113,853	569,619
Charge for the year on owned assets	17,587	33,500	24,121	75,208
Disposals	-	-	(719)	(719)
At 31 December 2018	281,440	225,413	137,255	644,108
Net book value				
At 31 December 2018	-	72,582	23,435	96,017
At 31 December 2017	17,586	106,083	47,336	171,005

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14. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	44,201,640
Disposals	(640)
At 31 December 2018	<u>44,201,000</u>
Impairment	
Charge for the period	37,848,084
At 31 December 2018	<u>37,848,084</u>
Net book value	
At 31 December 2018	<u>6,352,916</u>
At 31 December 2017	<u>44,201,640</u>

On 31 December 2018 the investment in INC Research International Israel Limited was sold for ISL 7,882,000 (£1,657,249).

During the year an exceptional impairment charge of £37,848,084 was recognised in respect of the investment in INC Research GmbH. The impairment charge was recognised following the sale of INC Research GmbH to inVentiv Health Holdings GM GmbH in return for proceeds of £6,352,916. The sale was completed on 31 July 2019.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
INC Research GmbH	Stefan-George-Ring 6, 81929 Munich, Germany	Ordinary	100%

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15. Debtors

	2018 £	2017 £
Due after more than one year		
Amounts owed by group undertakings	20,772,680	19,406,465
Deferred tax asset (see note 19)	-	118,100
	<u>20,772,680</u>	<u>19,524,565</u>
Due within one year		
Amounts owed by group undertakings	20,612,834	1,568,559
Other debtors	270,024	-
Prepayments and accrued income	41,553	42,027
Tax recoverable	-	371,699
Deferred taxation (see note 19)	-	61,500
	<u>20,924,411</u>	<u>2,043,785</u>

Included in amounts owed by group undertakings is an unsecured loan note due from INC Research Europe Holdings Limited for £20,772,680 due in over one year (2017 - £19,406,465) which bears interest at the higher of 3 months LIBOR or 7.04%. The loan is due for repayment on 30 November 2020.

Also included within amounts owed to group undertakings are unsecured loans which are repayable on demand and bear interest of LIBOR plus 4.75%.

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	920,226	325,887
	<u>920,226</u>	<u>325,887</u>

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17. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	4,634	10,601
Amounts owed to group undertakings	15,581	380,663
Other taxation and social security	138,682	149,492
Other creditors	3,963	8,568
Accruals and deferred income	77,516	114,296
	240,376	663,620

Included within amounts owed to group undertakings was an unsecured loan which is repayable on demand and bears interest of LIBOR plus 4.75%. In 2018 the loan changed from a payable to a receivable position.

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18. Deferred taxation

	2018 £
At beginning of year	179,600
Charged to the profit or loss	(179,600)
At end of year	-

The deferred tax asset is made up as follows:

	2018 £	2017 £
Tax losses carried forward	-	179,600
	-	179,600

Following the decision to transfer all employee contracts to Syneos Health UK Limited (formerly INC Research UK Limited), the deferred tax asset in respect of historical trading losses, accelerated capital allowances and other timing differences has been reversed on the basis that the company does not expect to make sufficient future taxable profits against which to offset these losses. None of the losses are expected to be utilised during 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Provisions

	Edinburgh office dilatation provision £	Capital gains tax £	Total £
At 1 January 2018	74,146	-	74,146
Charged to profit or loss	(74,146)	312,362	238,216
At 31 December 2018	<u>-</u>	<u>312,362</u>	<u>312,362</u>

Edinburgh office dilatation

A provision recognised for the amount required to reinstate the office to the conditions stipulated by the terms of the lease agreement. The provision was released in full after the landlord waived the dilatations fee on the basis that the incoming tenant agreed to lease the property as is.

Capital gains tax

A provision is recognised for capital gains tax on the sale of INC Research International Israel Limited. The capital gains tax will be deducted from the settlement amount.

20. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
13,831 (2017 - 13,831) Ordinary shares of £1.00 each	<u>13,831</u>	<u>13,831</u>

21. Reserves

Profit and loss account

This reserve records cumulative net gains and losses recognised in the income statement.

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £107,033 (2017 - £119,610). Contributions totaling £15,560 (2017 - £16,921) were payable to the fund at the reporting date.

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23. Commitments under operating leases

The company had no commitments under the non-cancellable operating leases as at the reporting date.

24. Controlling party

The immediate parent company is Kendle NC LLC, a company registered in the United States of America. The company's ultimate parent and controlling entity is Syneos Health Inc., a company also registered in the United States of America, by virtue of its 100% holding of all entities in the group. Copies of the consolidated financial statements are filed and publicly available and can also be obtained from the company's registered address; 1030 Sync Street, Morrisville, North Carolina, 27560, United States. The largest and smallest group which these financial statements are consolidated into are the Syneos Health Inc. accounts available at the aforementioned address.