

Registered number: 04248841

LINGUAMATICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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LINGUAMATICS LIMITED

COMPANY INFORMATION

Directors

Dr R W S Hale
Dr D R Milward (resigned 18 January 2019)
Dr P J Hastings (resigned 18 January 2019)
Dr B A P Hughes (appointed 18 January 2019)
J M Brimacombe (resigned 18 January 2019)
G R Park (appointed 18 January 2019)

Company secretary

Halco Secretaries Limited (appointed 18 January 2019)

Registered number

04248841

Registered office

210 Pentonville Road
London
N1 9JY

Trading Address

324 Cambridge Science Park
Milton Road
Cambridge
CB4 0WG

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
101 Cambridge Science Park
Milton Road
Cambridge
Cambridgeshire
CB4 0FY

Bankers

HSBC Bank Plc
63-64 St Andrews Street
City Office
Cambridge
CB2 3HZ

LINGUAMATICS LIMITED

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LINGUAMATICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Directors

The directors who served during the year were:

Dr R W S Hale
Dr D R Milward (resigned 18 January 2019)
Dr P J Hastings (resigned 18 January 2019)
Dr B A P Hughes (appointed 18 January 2019)
J M Brimacombe (resigned 18 January 2019)
G R Park (appointed 18 January 2019)

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.

LINGUAMATICS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

On the 11th March 2020, the World Health Organisation declared a global pandemic for Covid-19. This has been factored into the going concern assessment but is a non-adjusting post balance sheet event. An estimate of the full financial impact of the Covid-19 pandemic cannot be made.

As part of plans to reorganise the group following the acquisition by IQVIA Inc, it is expected that the Company will be dormant from 1 January 2021 with all trade, assets, liabilities and employees transferred to another group entity.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

Graham Park

G R Park
Director

Date: 17/12/2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINGUAMATICS LIMITED

Opinion

We have audited the financial statements of Linguamatics Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, 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 2019 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINGUAMATICS LIMITED (CONTINUED)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINGUAMATICS LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 1, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINGUAMATICS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Grant Thornton UK LLP

Paul Brown
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 17/12/2020

LINGUAMATICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	5,960,703	8,117,592
Gross profit		5,960,703	8,117,592
Administrative expenses		(4,928,659)	(9,031,774)
Other operating income		428,016	-
Operating profit/(loss)	6	1,460,060	(914,182)
Interest receivable and similar income		4,122	5,400
Interest payable and expenses		(5,539)	(22,594)
Profit/(loss) before tax		1,458,643	(931,376)
Tax on profit/(loss)	9	(639,202)	801,044
Profit/(loss) for the financial year		819,441	(130,332)
Other comprehensive income for the year			
Total comprehensive income for the year		819,441	(130,332)

The notes on pages 11 to 25 form part of these financial statements.

LINGUAMATICS LIMITED
REGISTERED NUMBER:04248841

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	10	2,780,247	-
Tangible assets	11	248,700	300,051
Investments	12	5,136	5,136
		<u>3,034,083</u>	<u>305,187</u>
Current assets			
Debtors: amounts falling due within one year	13	6,005,210	2,362,632
Cash at bank and in hand	14	472,419	809,789
		<u>6,477,629</u>	<u>3,172,421</u>
Creditors: amounts falling due within one year	15	(6,566,509)	(1,634,109)
Net current (liabilities)/assets		<u>(88,880)</u>	<u>1,538,312</u>
Total assets less current liabilities		<u>2,945,203</u>	<u>1,843,499</u>
Creditors: amounts falling due after more than one year	16	-	(336,171)
Provisions for liabilities			
Deferred tax	18	(537,415)	-
		<u>(537,415)</u>	<u>-</u>
Net assets		<u><u>2,407,788</u></u>	<u><u>1,507,328</u></u>

LINGUAMATICS LIMITED
REGISTERED NUMBER:04248841

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital		619	593
Share premium account	19	112,059	31,066
Capital redemption reserve	19	4	4
Other reserves	19	-	47,630
Profit and loss account	19	2,295,106	1,428,035
		<u>2,407,788</u>	<u>1,507,328</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

Graham Park

G R Park
 Director

Date: 17/12/2020

The notes on pages 11 to 25 form part of these financial statements.

LINGUAMATICS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	593	31,066	4	47,630	1,428,035	1,507,328
Comprehensive income for the year						
Profit for the year	-	-	-	-	819,441	819,441
Total comprehensive income for the year	-	-	-	-	819,441	819,441
Shares issued during the year	26	80,993	-	-	-	81,019
Transfer to/from profit and loss account	-	-	-	(47,630)	47,630	-
At 31 December 2019	619	112,059	4	-	2,295,106	2,407,788

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

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2018	589	26,893	4	40,587	1,558,367	1,626,440
Loss for the year	-	-	-	-	(130,332)	(130,332)
Total comprehensive income for the year	-	-	-	-	(130,332)	(130,332)
Shares issued during the year	4	4,173	-	-	-	4,177
Share based payments	-	-	-	7,043	-	7,043
At 31 December 2018	593	31,066	4	47,630	1,428,035	1,507,328

The notes on pages 11 to 25 form part of these financial statements.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Linguamatics Limited is a limited liability company, limited by shares and incorporated in England and Wales. Its registered head office is located at 210 Pentonville Road, London, N1 9JY.

The principal activity of Linguamatics Limited is of the business and domestic software development and information technology consultancy activities.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentational currency of the company is GBP sterling (£).

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).

The following principal accounting policies have been applied:

2.2 Disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statements Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of IQVIA Inc, registered in the USA. Consolidated group accounts are available on the IQVIA website.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.4 Going concern**

The Company meets its day to day working capital requirements through intercompany arrangements. As part of plans to reorganise the group following the acquisition by IQVIA Inc, it is expected that the Company will be dormant from 1 January 2021 with all trade, assets, liabilities and employees transferred to another group entity. The only expected remaining asset/liability will be an intercompany balance, which is covered by the letter of support noted below.

Covid-19 has increased uncertainty across the UK and the wider world. The Company has mitigated the risks posed to its business through contingency planning, allowing remote working from home where possible and guidance from the UK Government is closely monitored to protect staff to the fullest ability of the business.

A letter of support has been obtained from the ultimate parent company. The directors have a reasonable expectation that IQVIA Inc's performance and financial position is more than sufficient to ensure adequate support and financing of the current activities of its UK subsidiaries. The directors therefore believe the Company will have sufficient funds to meet its liabilities as they fall due and so continue to adopt the going concern basis for the preparation of the financial statements. The directors believe that a different basis of preparation would not give rise to any material differences in the presentation or quantum of balances and transactions in these financial statements.

2.5 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP sterling (£).

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.6 Revenue**

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax.

Licence revenues and consultancy income under the rental model are recognised over the period to which the rental fee relates but only after practical acceptance of the software has been received.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.12 Pensions****Defined contribution pension plan**

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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

Tax credits arising from Research and Development Expenditure Credits (RDEC) are reported within other income on an accruals basis.

2.14 Intangible assets

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

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

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.15 Development costs**

Expenditure on research activities undertaken with the prospect of gaining an understanding of software is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Company intends to complete the intangible assets and use or sell it;
- The Company has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits;
- The expenditure attributable to the intangible asset can be measured reliably.

The expenditure capitalised includes direct cost of labour. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation is shown within administrative expenses in the income statement. The estimated useful lives of current development projects are five years. Until completion of the project, the assets are subject to impairment testing.

2.16 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

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 property	- 6 years
Fixtures and fittings	- 4 years
Office equipment	- 4 years

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 profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.18 Debtors**

Short term debtors are measured at transaction price, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on the notice of between 24 hours and six months. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash held in deposit accounts with notice periods longer than six months are classified as current asset investments.

2.20 Creditors

Short term creditors are measured at the transaction price.

2.21 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 profit or loss 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.

2.22 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Preparation of the financial statements requires management to make judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the revenue recognition on sales contracts that span multiple accounting periods.

4. Turnover

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

	2019 £	2018 £
Consultancy sales	68,466	40,831
Licencing sales	5,892,237	8,076,761
	<u>5,960,703</u>	<u>8,117,592</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	3,866,140	6,731,235
Rest of the world	2,094,563	1,386,357
	<u>5,960,703</u>	<u>8,117,592</u>

5. Other operating income

	2019 £	2018 £
Research and Development Expenditure Credits	428,016	-
	<u>428,016</u>	<u>-</u>

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Operating profit/(loss)

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

	2019 £	2018 £
Amortisation of intangible fixed assets	146,250	-
Exchange differences	91,842	(16,044)
Other operating lease rentals	245,781	221,121
Depreciation of tangible fixed assets	164,933	145,028
	<u>146,250</u>	<u>245,028</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,000	24,580
	<u>17,000</u>	<u>24,580</u>

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

8. Employees

	2019 £	2018 £
Wages and salaries	4,484,086	4,134,494
Social security costs	471,514	406,662
Cost of defined contribution scheme	270,893	235,519
	<u>5,226,493</u>	<u>4,776,675</u>

The staff costs above are gross of development costs capitalised in the year (see Note 8).

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

	2019 No.	2018 No.
Employees	72	78
	<u>72</u>	<u>78</u>

LINGUAMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	81,323	(785,398)
Adjustments in respect of previous periods	13,233	216
Total current tax	94,556	(785,182)
Deferred tax		
Origination and reversal of timing differences	544,646	(15,862)
Total deferred tax	544,646	(15,862)
Taxation on profit/(loss) on ordinary activities	639,202	(801,044)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	1,458,643	(931,376)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	277,142	(176,961)
Effects of:		
Expenses not deductible for tax purposes	228	3,094
Capital allowances for year in excess of depreciation	318	318
Other permanent differences	(121,165)	(2,612)
Deduction for R&D relief	81,323	(907,739)
Surrender of losses for R&D tax credit	-	243,724
Adjustment to tax charge in respect of prior periods	13,233	216
Adjustment for opening/closing deferred tax rate	(847)	1,865
Group relief	388,970	37,051
Total tax charge for the year	639,202	(801,044)

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Intangible assets

	Capitalised development £
Cost	
Additions	2,926,497
At 31 December 2019	<u>2,926,497</u>
Amortisation	
Charge for the year on owned assets	146,250
At 31 December 2019	<u>146,250</u>
Net book value	
At 31 December 2019	<u><u>2,780,247</u></u>
At 31 December 2018	<u><u>-</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2019	73,691	218,581	678,312	970,584
Additions	742	-	112,840	113,582
Disposals	-	(476)	-	(476)
At 31 December 2019	74,433	218,105	791,152	1,083,690
Depreciation				
At 1 January 2019	24,686	210,490	435,357	670,533
Charge for the year on owned assets	14,998	5,946	143,989	164,933
Disposals	-	(476)	-	(476)
At 31 December 2019	39,684	215,960	579,346	834,990
Net book value				
At 31 December 2019	34,749	2,145	211,806	248,700
At 31 December 2018	49,005	8,091	242,955	300,051

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	5,136
At 31 December 2019	<u>5,136</u>

13. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	5,385,868	961,729
Other debtors	58,875	44,308
Prepayments and accrued income	213,774	564,032
Tax recoverable	346,693	785,332
Deferred taxation	-	7,231
	<u>6,005,210</u>	<u>2,362,632</u>

No provision for doubtful debts was made for 31 December 2019 or 31 December 2018.

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>472,419</u>	<u>809,789</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	-	175,688
Trade creditors	89,047	700,673
Amounts owed to group undertakings	5,604,433	4,287
Other creditors	350	1,123
Accruals and deferred income	872,679	670,582
Financial instruments	-	81,756
	<u>6,566,509</u>	<u>1,634,109</u>

The bank loan is secured over all property and assets of the company, bears interest at 3.25% and was repayable in monthly instalments until October 2021. During the year the loan was repaid in full.

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

	2019 £	2018 £
Bank loans	-	336,171
	<u>-</u>	<u>336,171</u>

The bank loan is secured over all property and assets of the company, bears interest at 3.25% and was repayable in monthly instalments until October 2021. During the year the loan was repaid in full.

17. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	-	175,688
Amounts falling due 1-2 years		
Bank loans	-	336,171
	<u>-</u>	<u>511,859</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Deferred taxation

	2019 £	2018 £
At beginning of year	7,231	(8,631)
Charged to profit or loss	(544,646)	15,862
At end of year	(537,415)	7,231

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	(559,603)	(34,434)
Short term timing differences	20,086	36,962
Losses and other deductions	2,102	4,703
	(537,415)	7,231

19. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

Is a non-distributable reserve representing the nominal value of paid up share capital that has been repaid.

Other reserves

The other reserve is for share based payments, which are issued to employees. The fair value of these share options is recognised as an expense and credited to reserves over the vesting period of the options.

Profit and loss account

Includes all current and prior period retained profits and losses.

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	239,486	244,775
Later than 1 year and not later than 5 years	219,529	520,147
	<u>459,015</u>	<u>764,922</u>

21. Related party transactions

Remuneration paid to Key Management Personnel amounted to £169,483 (2018: £598,321).

The company has taken advantage of the FRS 102 exemption not to disclose transactions with its wholly owned subsidiary, Linguamatics Solutions Limited.

22. Post balance sheet events

On the 11th March 2020, the World Health Organisation declared a global pandemic for Covid-19. This has been factored into the going concern assessment but is a non-adjusting post balance sheet event. An estimate of the full financial impact of the Covid-19 pandemic cannot be made.

As part of plans to reorganise the group following the acquisition by IQVIA Inc, it is expected that the Company will be dormant from 1 January 2021 with all trade, assets, liabilities and employees transferred to another group entity.

23. Controlling party

The ultimate parent and controlling party is IQVIA Inc, registered in the USA.
Consolidated group accounts are available on the IQVIA website.