

Registered number: 04248841

LINGUAMATICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



LINGUAMATICS LIMITED

COMPANY INFORMATION

Directors	Dr R W S Hale (resigned 9 July 2021) Dr B A P Hughes G R Park
Company secretary	Halco Secretaries Limited
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 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors

The directors who served during the year were:

Dr R W S Hale (resigned 9 July 2021)
Dr B A P Hughes
G R Park

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 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 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 may differ from legislation in other jurisdictions.

Going concern

As part of plans to reorganise the group following the acquisition by IQVIA Inc, from 31 December 2020, all trade, assets, liabilities and employees have been transferred to another group entity leaving Linguamatics Limited dormant.

LINGUAMATICS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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: 30 September 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINGUAMATICS LIMITED

Qualified opinion

We have audited the financial statements of Linguamatics Limited (the 'Company') for the year ended 31 December 2020, 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, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

During the year the company hived up its trade and assets of the company to IQVIA Limited, except its subsidiary, Linguamatics Solutions Incorporated, which was sold to IQVIA Inc and the fair value of the consideration for these transactions has been estimated by the directors. This resulted in a total gain of £20,404,164 being recorded in the statement of comprehensive income and amounts due from group companies of £22,404,909 being recorded in the statement of financial position. We disagree with the directors' estimate of fair value for the hive up as it does not take into account the recorded net book value of the net assets hived up, nor considered whether there are any intangible assets that cannot be separately identified, including goodwill. We disagree with the directors' estimate of fair value for the sale of its subsidiary as this does not consider fully the value of intangible assets that cannot be separately identified, including goodwill. The impact on the financial statements of this matter has not been determined.

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 qualified opinion.

Emphasis of matter – basis of preparation of the financial statements

We draw attention to Note 2.4 to the financial statements, which describes the basis of preparation of the financial statements. As described in that note the company has transferred all its assets and liabilities to another group company, the only remaining asset is an intercompany balance. The directors have received a letter of support from the company's ultimate parent company, they continue to adopt the going concern basis for the preparation of the financial statements and 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 the



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

financial statements. Our opinion is not modified in this respect of this matter.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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

Except for the matter described in the basis for qualified opinion section of our report, 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 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

Except for the matter described in the basis for qualified opinion section of our report, 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, 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 .

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.



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which they operate. We determined that the following laws and regulations were most significant: financial reporting standards in conformity with the requirements of the Companies Act 2006, and the relevant tax compliance regulations in the jurisdictions in which the Company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters and data security and protection.
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our inquiries through our review of board minutes.
- We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated this through our review of professional fees incurred during the year;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in making its significant accounting estimates;
 - identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
 - assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the accounts and disclosures in the financial statements.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interpret those rules, the applicable statutory provisions.



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

- We completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.
- The company's management has not noted any matters of non-compliance with laws and regulations or fraud that were communicated with the audit team.
- It is the engagement partner's assessment that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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.



Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Date: 5 October 2021

LINGUAMATICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	6,237,651	5,960,703
Gross profit		<u>6,237,651</u>	<u>5,960,703</u>
Administrative expenses		(6,968,008)	(4,928,659)
Other operating income	5	20,748,988	428,016
Operating profit	6	<u>20,018,631</u>	<u>1,460,060</u>
Interest receivable and similar income		44,007	4,122
Interest payable and expenses		-	(5,539)
Profit before tax		<u>20,062,638</u>	<u>1,458,643</u>
Tax on profit	10	(65,516)	(639,202)
Profit for the financial year		<u>19,997,122</u>	<u>819,441</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>19,997,122</u>	<u>819,441</u>

The notes on pages 12 to 26 form part of these financial statements.

LINGUAMATICS LIMITED
REGISTERED NUMBER:04248841

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	-	2,780,247
Tangible assets	12	-	248,700
Investments	13	1	5,136
		<u>1</u>	<u>3,034,083</u>
Current assets			
Debtors: amounts falling due within one year	14	22,404,909	6,005,210
Cash at bank and in hand	15	-	472,419
		<u>22,404,909</u>	<u>6,477,629</u>
Creditors: amounts falling due within one year	16	-	(6,566,509)
Net current assets/(liabilities)		<u>22,404,909</u>	<u>(88,880)</u>
Total assets less current liabilities		<u>22,404,910</u>	<u>2,945,203</u>
Provisions for liabilities			
Deferred tax	17	-	(537,415)
		<u>-</u>	<u>(537,415)</u>
Net assets		<u><u>22,404,910</u></u>	<u><u>2,407,788</u></u>

LINGUAMATICS LIMITED
REGISTERED NUMBER:04248841

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital		619	619
Share premium account	18	112,059	112,059
Capital redemption reserve	18	4	4
Profit and loss account	18	22,292,228	2,295,106
		<u>22,404,910</u>	<u>2,407,788</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: 30 September 2021

The notes on pages 12 to 26 form part of these financial statements.

LINGUAMATICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	619	112,059	4	2,295,106	2,407,788
Comprehensive income for the year					
Profit for the year	-	-	-	19,997,122	19,997,122
Total comprehensive income for the year	-	-	-	19,997,122	19,997,122
At 31 December 2020	619	112,059	4	22,292,228	22,404,910

**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
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

The notes on pages 12 to 26 form part of these financial statements.

LINGUAMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 the 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 Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of IQVIA Inc as at 31 December 2020 and these financial statements may be obtained from 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 2020

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, from 31 December 2020 the Company became dormant with all trade, assets, liabilities and employees transferred to another group entity. The only remaining asset relates to intercompany, which is covered by the letter of support noted below.

A letter of support has been obtained from the ultimate parent company. The directors have a reasonable expectation that IQVIA Holdings 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 that IQVIA Holdings Inc will have sufficient funds to meet all 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 the Statement of comprehensive income.

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 the Statement of comprehensive income within 'other operating income'.

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.

LINGUAMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 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.

2.8 Interest income

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

2.9 Finance costs

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

2.10 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 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. The assets of the plan are held separately from the Company in independently administered funds.

LINGUAMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 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.

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

2.12 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 2020

2. Accounting policies (continued)

2.13 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 the Statement of comprehensive income 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.

2.14 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 the Statement of comprehensive income.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Debtors

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

LINGUAMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.17 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.

2.18 Creditors

Short term creditors are measured at the transaction price.

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.

2.20 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 2020**

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
- whether expenditure on software projects is research or development
- how the fair value of the company has been calculated for the transfer of its trade, assets, liabilities and employees being transferred to another group entity

4. Turnover

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

	2020 £	2019 £
Consultancy sales	-	68,466
Licensing sales	6,237,651	5,892,237
	<u>6,237,651</u>	<u>5,960,703</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	5,017,725	3,866,140
Rest of the world	1,219,926	2,094,563
	<u>6,237,651</u>	<u>5,960,703</u>

5. Other operating income

	2020 £	2019 £
Research and Development Expenditure Credits	344,824	428,016
Gain on sale of investment	7,959,865	-
Gain on transfer of trade	12,444,299	-
	<u>20,748,988</u>	<u>428,016</u>

LINGUAMATICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Amortisation of intangible fixed assets	791,889	146,250
Exchange differences	(86,233)	91,842
Other operating lease rentals	235,409	245,781
Depreciation of tangible fixed assets	130,099	164,933
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18,000	17,000
	<u> </u>	<u> </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

	2020 £	2019 £
Wages and salaries	3,098,065	4,484,086
Social security costs	348,974	471,514
Cost of defined contribution scheme	199,009	270,893
	<u>3,646,048</u>	<u>5,226,493</u>

The staff costs above are gross of development costs capitalised in the year.

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

	2020 No.	2019 No.
Employees	45	72
	<u> </u>	<u> </u>

Due to the transfer of trade to IQVIA Limited, the Linguamatics employees were transferred to IQVIA payroll and were no longer Linguamatics Limited employees as of 01 October 2020. The number of employees in the last quarter of the year was therefore 0, which has been included in the calculation of the average number of employees.

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	82,315	142,540
Company contributions to defined contribution pension schemes	9,080	13,314
	<u>91,395</u>	<u>155,854</u>

10. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	65,516	81,323
Adjustments in respect of previous periods	-	13,233
Total current tax	<u>65,516</u>	<u>94,556</u>
Deferred tax		
Origination and reversal of timing differences	-	544,646
Total deferred tax	<u>-</u>	<u>544,646</u>
Taxation on profit on ordinary activities	<u>65,516</u>	<u>639,202</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	20,062,638	1,458,643
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	3,811,901	277,142
Effects of:		
Expenses not deductible for tax purposes	43	228
Capital allowances for year in excess of depreciation	-	318
Income not taxable	(3,876,791)	-
Other permanent differences	(168,661)	(121,165)
Deduction for R&D relief	65,516	81,323
Adjustment to tax charge in respect of prior periods	-	13,233
Adjustment for opening/closing deferred tax rate	-	(847)
Group relief	233,508	388,970
Total tax charge for the year	65,516	639,202

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Intangible assets

	Capitalised development £
At 1 January 2020	2,926,497
Additions	2,778,313
Transfer of trade	(5,704,810)
At 31 December 2020	-
At 1 January 2020	146,250
Charge for the year on owned assets	791,889
Transfer of trade	(938,139)
At 31 December 2020	-
Net book value	
At 31 December 2020	-
At 31 December 2019	2,780,247

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2020	74,433	218,105	791,152	1,083,690
Additions	-	-	39,279	39,279
Disposals	-	-	(61,510)	(61,510)
Transfer of trade	(74,433)	(218,105)	(768,921)	(1,061,459)
At 31 December 2020	-	-	-	-
At 1 January 2020	39,684	215,960	579,346	834,990
Charge for the year on owned assets	8,517	1,560	120,022	130,099
Disposals	-	-	(61,510)	(61,510)
Transfer of trade	(48,201)	(217,520)	(637,858)	(903,579)
At 31 December 2020	-	-	-	-
Net book value				
At 31 December 2020	-	-	-	-
At 31 December 2019	34,749	2,145	211,806	248,700

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2020	5,136
Sale of subsidiary	(5,135)
At 31 December 2020	<u>1</u>

14. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	22,404,909	5,385,868
Other debtors	-	58,875
Prepayments and accrued income	-	213,774
Tax recoverable	-	346,693
	<u>22,404,909</u>	<u>6,005,210</u>

No provision for doubtful debts was made for 31 December 2020 or 31 December 2019.

15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>-</u>	<u>472,419</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	-	89,047
Amounts owed to group undertakings	-	5,604,433
Other creditors	-	350
Accruals and deferred income	-	872,679
	<u>-</u>	<u>6,566,509</u>

Due to the transfer of trade, assets and liabilities on 31 December 2020, all liabilities have been transferred to IQVIA Limited.

17. Deferred taxation

	2020 £	2019 £
At beginning of year	(537,415)	7,231
Charged to profit or loss	-	(544,646)
Transfer of trade	537,415	-
At end of year	<u>-</u>	<u>(537,415)</u>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	-	(559,603)
Short term timing differences	-	20,086
Losses and other deductions	-	2,102
	<u>-</u>	<u>(537,415)</u>

LINGUAMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. 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.

19. Commitments under operating leases

At 31 December 2020, the Company transferred its trade, assets and liabilities to another entity in the group, therefore there are no minimum lease payments due by the Company at year end.

	2020 £	2019 £
Not later than 1 year	-	239,486
Later than 1 year and not later than 5 years	-	219,529
	<u>-</u>	<u>459,015</u>

20. Related party transactions

Remuneration paid to Key Management Personnel amounted to £103,554 (2019: £169,483).

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

21. Controlling party

The ultimate parent and controlling party is IQVIA Inc, registered in the USA.

Consolidated group accounts are available on the IQVIA website.