

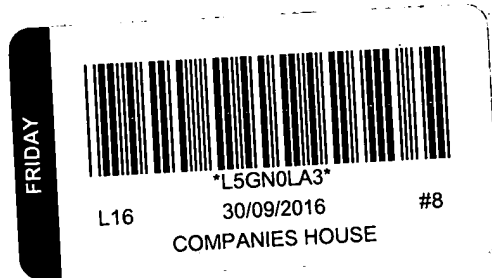
**Registered Number 04320190**

**Continuum Professional Services Limited**

**Directors' report and financial statements**

**Registered Number 04320190**

**31 December 2015**



# **CONTINUUM PROFESSIONAL SERVICES LIMITED**

## **Contents**

Directors and advisors .....	2
Directors' Report .....	3-4
Independent auditors' report to the members of Continuum Professional Services Limited.....	5-6
Statement of comprehensive income.....	7
Balance sheet.....	8
Statement of changes in equity.....	9
Notes to the financial statements.....	10-14

# **CONTINUUM PROFESSIONAL SERVICES LIMITED**

## **Directors and advisors**

### **Directors**

G Polz  
L Houson  
M Nally  
M Leonard  
S Nicholson

### **Secretary**

R Robinski

### **Registered Office**

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BU

### **Bankers**

Citibank  
CGC Centre  
Canary Wharf  
E14 5LB

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
10 Bricket Road  
St Albans  
Herts  
AL1 3JX

## **CONTINUUM PROFESSIONAL SERVICES LIMITED**

### **Directors' report for the year ended 31 December 2015**

The Members of the Administrative Board ('Directors') present their report and the audited financial statements for the year ended 31 December 2015 (the 'Annual Report').

#### **Principal activities and business review**

In prior years the company's principal activity during the year was the licensing of its software to Merck Sharp & Dohme Limited during the year the company didn't issue any further licences. The company generated a profit for the financial year of £nil in the current year (2014: £394,000). The directors do not recommend the payment of a dividend (2014: £nil).

#### **Principal risks and uncertainties**

The company does not trade and the principal risks and uncertainties relate to the recoverability of its cash balance. Periodic reviews are undertaken of the creditworthiness of the financial institution which holds the cash balance for any changes to its credit rating. Given the straightforward nature of the company's operations, key performance indicators are not used by the Directors to understand the company's operations.

#### **Financial risk management**

The company's assets comprise accrued income which is receivable from its patent undertaking and cash. The directors seek to ensure that the company maintains sufficient cash to enable it to settle its obligations as they fall due.

The company is subject to price risk given the nature of the services it provides, but given the size of the company's operations, the costs of managing this exposure exceed any potential benefits. Credit risk is dependent upon the financial position of other group undertakings and the financial institution where cash is deposited which is monitored periodically.

#### **Directors**

The present directors are shown on page 2. The directors, who served during the year and up to the date of signing the financial statements, and the relevant dates of appointment and resignation, are shown below:

G Polz	(Appointed 6 September 2016)
L Houson	(Appointed 6 September 2016)
M Leonard	
M Nally	
S Nicholson	
K White	(Resigned 18 March 2016)

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

#### **Disclosure of information to auditors**

So far as each Director is aware, there is no relevant audit information of which the company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## CONTINUUM PROFESSIONAL SERVICES LIMITED

### Directors' report for the year ended 31 December 2015 (continued)

#### Statement of Directors' responsibilities

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### Strategic review

The company has taken advantage of section 414B of the Companies Act 2006 not to include a strategic review in these financial statements.

#### On behalf of the Board

G Polz  
Director



29 September 2016

Registered Number: 04320190

# ***Independent auditors' report to the members of Continuum Professional Services Limited***

## **Report on the financial statements**

---

### **Our opinion**

In our opinion, Continuum Professional Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result 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.
- 

### **What we have audited**

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

### **Opinion on other matter prescribed by the Companies Act 2006**

---

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

---

### **Other matters on which we are required to report by exception**

---

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

---

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

# ***Independent auditors' report to the members of Continuum Professional Services Limited***

---

## **Responsibilities for the financial statements and the audit**

---

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

29 September 2016

# CONTINUUM PROFESSIONAL SERVICES LIMITED

## Statement of comprehensive income

for the year ending 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Turnover</b>	5	-	501
Cost of sales		-	-
Gross profit		-	501
Administrative expenses		-	-
<b>Operating profit</b>	6	-	501
Interest receivable and similar income		-	1
Interest payable and similar charges		-	-
<b>Profit on ordinary activities before taxation</b>		-	502
Tax on profit on ordinary activities	7	-	(108)
<b>Profit for the financial year</b>		-	394
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		-	394

The profit and loss account has been prepared on the basis that all amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year and comparative stated above and their historical equivalents.

The notes on pages 10 to 14 form part of these financial statements



# CONTINUUM PROFESSIONAL SERVICES LIMITED

## Balance sheet

as at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Intangible assets	8	-	-
<b>Current assets</b>			
Debtors	9	3,472	3,388
Cash at bank and in hand		-	335
		3,472	3,723
<b>Creditors: amounts falling due within one year</b>	10	(173)	(424)
Net current assets		3,299	3,299
<b>Net assets</b>		3,299	3,299
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account		3,299	3,299
<b>Total shareholders' funds</b>		3,299	3,299

The financial statements on pages 7 to 14 were approved by the Board of Directors on 29 September 2016 and signed on its behalf by:



**G Polz**  
Director

Registered Number: 04320190

# CONTINUUM PROFESSIONAL SERVICES LIMITED

## Statement of changes in equity

	Notes	Called-up share capital £	Retained earnings £	Total £
Balance as at 1 January 2014		-	2,905	2,905
Profit for the financial year		-	394	394
Total comprehensive income for the year		-	394	394
Balance as at 31 December 2014		-	3,299	3,299
Balance as at 1 January 2015		-	3,299	3,299
Profit for the financial year		-	-	-
Total comprehensive income for the year		-	-	-
<b>Balance as at 31 December 2015</b>		<b>-</b>	<b>3,299</b>	<b>3,299</b>

# **CONTINUUM PROFESSIONAL SERVICES LIMITED**

## **Notes to the financial statements**

for the year ended 31 December 2015

### **1. General Information**

In prior years the company's principal activity during the year was the licensing of its software to Merck Sharp & Dohme Limited. During the year the company didn't issue any further licences.

The company is a limited liability company and is incorporated and domiciled in England. The address of its registered office is Hertford Road, Hoddesdon, EN11 9BU.

### **2. Statement of compliance**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"). The principal accounting policies are set out below and they have been applied consistently in both the current and prior year.

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements as of 1 January 2014. The policies applied under the previous accounting framework are not materially different to FRS 102 and have not impacted equity or profit or loss.

#### **Basis of Preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Going concern**

The company does not trade and the principal risks and uncertainties relate to the recoverability of its cash balance. Periodic reviews are undertaken of the credit worthiness of the financial institution which holds the cash balance for any changes to its credit rating. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- (i) From preparing a statement of cash flows, under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Merck & Co. Inc. includes the company's cash flows in its own consolidated financial statements;
- (ii) From disclosing related party transactions with other wholly owned undertakings of the Merck & Co. Inc. group under FRS 102 paragraph 33.7;
- (iii) From disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7, as the equivalent disclosure information is provided in Merck & Co. Inc.'s consolidated financial statements.

## **CONTINUUM PROFESSIONAL SERVICES LIMITED**

### **Notes to the financial statements (continued)**

for the year ended 31 December 2015

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Turnover recognition**

The turnover shown in the profit and loss account represents licensing revenues exclusive of Value Added Tax. Turnover from licensing is recognised on a straight line basis over the period of the licence.

#### **Intangible assets**

Separately acquired intellectual property is shown at historical cost and is amortised over its useful economic life on a straight line basis.

Amortisation is calculated to write off the cost of an asset, less its estimated residual value, over its useful economic life of five years. Impairment reviews are undertaken when there is evidence of events that suggest that the carrying value of the asset may no longer be recoverable. An impairment charge is determined by comparing the carrying value of the asset to the higher of its net realisable value or its value in use. Value in use is determined by measuring net present value of the future cash flows arising from the asset.

#### **4. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Currently no such judgements or estimations are deemed necessary.

#### **5. Turnover**

The company's activities consist solely of licensing revenues derived in the United Kingdom.

# CONTINUUM PROFESSIONAL SERVICES LIMITED

## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 6. Operating profit

The audit fee of £2,500 for the year ended 31 December 2015 (2014: £2,500) has been borne by a fellow group company.

### 7. Tax on profit on ordinary activities

#### a) Analysis of tax charge in the year

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK corporation tax in the year	-	108
Adjustments in respect of prior years	-	-
<b>Deferred tax</b>	-	-
<b>Total tax charge</b>	-	108

#### b) Factors affecting tax charge for the year

The current tax charge for the current year and preceding year is higher (2014:equal) to the standard rate of corporation tax in the UK 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
<b>Profit on ordinary activities before taxation</b>	-	502
Tax on profit on ordinary activities at standard UK corporate tax rate of 20.25% (2014: 21.5%)	-	108
Adjustments in respect of prior years	-	-
<b>Total tax charge</b>	-	108

#### c) Factors affecting future tax charges

The Finance (No 2) Act 2015 (the Act) was substantially enacted on 26 October 2015. The Act further reduced the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As these reductions have been substantially enacted before the balance sheet date, timing differences have been measured at 18%.

There are no unrecognised tax assets.

# CONTINUUM PROFESSIONAL SERVICES LIMITED

## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 8. Intangible assets

	£'000
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	2,020
<b>Accumulated amortisation</b>	
At 1 January 2015 and 31 December 2015	2,020
<b>Net Book Value</b>	
At 31 December 2014 and 31 December 2015	-

### 9. Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	84	-
Prepayments and accrued income	3,388	3,388
	<b>3,472</b>	<b>3,388</b>

The accrued income is due from the company's parent undertaking.

### 10. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	25	16
Corporation tax	148	408
	<b>173</b>	<b>424</b>

### 11. Called up share capital

	2015 £'000	2014 £'000
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each (2014: 2)	-	-

## **CONTINUUM PROFESSIONAL SERVICES LIMITED**

### **Notes to the financial statements (continued)**

for the year ended 31 December 2015

#### **12. Directors and employees**

The directors did not receive any remuneration in the year (2014 - £nil) for their services to this company. The company had no employees in both the current year and the preceding year.

#### **13. Ultimate parent undertaking**

In the opinion of the directors, the company's immediate parent company is Merck Sharp & Dohme Limited, a company incorporated in the United Kingdom and the ultimate parent company and controlling party is Merck & Co., Inc a company incorporated in the United States of America. Copies of the group financial statements of Merck & Co., Inc. may be obtained from: 2000 Galloping Hill Road, Kenilworth, NJ 07033, USA. Merck & Co., Inc. is the largest and smallest group for which financial statements are available.