

Continuum Professional Services Limited

Directors' report and financial statements
Registered Number 04320190

31 December 2017

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Officers and professional advisors

Directors

L Houson
S Nicholson
E Can Temucin

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

Directors' report for the year ended 31 December 2017

The Members of the Administrative Board ('Directors') present their report and the audited financial statements for the year ended 31 December 2017 (the 'Annual Report').

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

In prior years the company's principal activity was the licensing of its software to Merck Sharp & Dohme Limited. During the year the company did not issue any further licences and so did not trade. The company generated a result for the current financial year of £nil (2016: loss of £3,000). The directors do not recommend the payment of a dividend (2016: £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 POLICY

The company's assets comprise accrued income which is receivable from its parent 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 1. 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:

L Houson
S Nicholson
G Polz (resigned 23 June 2017)
E Can Temucin (appointed 23 June 2017)

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.

Directors' report for the year ended 31 December 2017 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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 REPORT

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

On behalf of the Board



E Can Temucin

Director

20 September 2018

Registered Number: 04320190

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

Report on the audit of the financial statements

Opinion

In our opinion, Continuum Professional Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Continuum Professional Services Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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.



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

21 September 2018

**Statement of Comprehensive Income
for the year ended 31 December 2017**

| | Note | 2017 £'000 | 2016 £'000 |
|---|------|---------------|---------------|
| Administrative expenses | | - | (3) |
| Operating result/(loss) | 6 | - | (3) |
| Result/(loss) before taxation | | - | (3) |
| Tax on result/(loss) | 7 | - | - |
| Result/(loss) for the financial year | | - | (3) |

The Statement of Comprehensive Income has been prepared on the basis that all amounts relate to continuing operations.

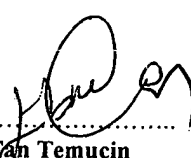
There are no material differences between the result/(loss) before taxation and the result/(loss) for the financial years and their historical cost equivalents.

The notes on pages 9 to 12 form part of these financial statements.

Balance Sheet
as at 31 December 2017

| | Note | 2017 £'000 | 2016 £'000 |
|--|------|---------------|---------------|
| Current Assets | | | |
| Debtors | 8 | 3,447 | 3,447 |
| | | <u>3,447</u> | <u>3,447</u> |
| Creditors: amounts falling due within one year | 9 | (151) | (151) |
| Net Current Assets | | <u>3,296</u> | <u>3,296</u> |
| Net assets | | <u>3,296</u> | <u>3,296</u> |
| Capital and Reserves | | | |
| Called up share capital | 10 | - | - |
| Profit and loss account | | 3,296 | 3,296 |
| Total Shareholders' Funds | | <u>3,296</u> | <u>3,296</u> |

The financial statements on pages 6 to 12 were approved by the Board of Directors on 20 September 2018 and were signed on its behalf by:



.....
E Can Temucin
Director

20 September 2018

Registered Number: 04320190

Statement of Changes in Equity
For the year ended 31 December 2017

| | Called up Share Capital | Profit and Loss Account | Total Shareholders' Funds |
|--|--|--|--|
| | £'000 | £'000 | £'000 |
| Balance as at 1 January 2016 | - | 3,299 | 3,299 |
| Loss for the financial year | - | (3) | (3) |
| Total comprehensive expense for the year | - | (3) | (3) |
| Balance as at 31 December 2016 | - | 3,296 | 3,296 |
| Balance as at 1 January 2017 | - | 3,296 | 3,296 |
| Result for the financial year | - | - | - |
| Total comprehensive result for the year | - | - | - |
| Balance as at 31 December 2017 | - | 3,296 | 3,296 |

Notes to the financial statements for the year ended 31 December 2017

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 private limited company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Hertford Road, Hoddesdon, Hertfordshire, England, 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. 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.

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. 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.

Notes to the financial statements for the year ended 31 December 2017 (continued)**3. ACCOUNTING POLICIES (continued)****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.

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. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**Directors and employees**

The directors did not receive any remuneration in the year (2016: £nil) for their services to this company. The company had no employees in both the current year and the preceding year.

6. OPERATING RESULT/(LOSS)

The audit fee of £4,600 for the year ended 31 December 2017 (2016: £4,600) has been borne by a fellow group company.

7. TAX ON RESULT/(LOSS)

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| a) Analysis of tax charge for the year | | |
| UK corporation tax on result/(loss) for the year | - | - |
| Total tax on result/(loss) | - | - |

Notes to the financial statements for the year ended 31 December 2017 (continued)**7. TAX ON RESULT/(LOSS) (continued)****b) Factors affecting the tax charge for the year**

The current tax charge for the current and preceding year is the same as the standard rate of corporation tax in the UK 19.25% (2016: 20%).

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Result/(loss) before taxation | - | (3) |
| Tax on result/(loss) by standard rate in the UK 19.25% (2016: 20%) | - | - |

8. DEBTORS

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 3,447 | 3,447 |
| | 3,447 | 3,447 |

The debtor is due from the company's parent undertaking and is unsecured, interest-free and payable on demand.

Notes to the financial statements for the year ended 31 December 2017 (continued)**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2017 £'000 | 2016 £'000 |
|-----------------|---------------|---------------|
| Corporation tax | 151 | 151 |
| | <u>151</u> | <u>151</u> |

10. CALLED UP SHARE CAPITAL

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Allotted and fully paid | | |
| 2 (2016: 2) ordinary shares of £1 each | - | - |
| | <u>-</u> | <u>-</u> |

11. 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.