

Pharm Research Associates (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 03247443

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Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017

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Directors

C Shannon
C Gray

Company secretary and registered office

Mitre Secretaries Limited, Cannon Place, 78 Cannon Street, London, EC4N 6AF

Company number

03247443

Independent auditors

Deloitte LLP, Statutory Auditor, Abbots House, Abbey Street, Reading, Berkshire, RG1 3BD, United Kingdom.

Bankers

Deutsche Bank AG, Winchester House, 1 Great Winchester Street, London, EC2N 2DB

Solicitors

CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London, EC4N 6AF

Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017

Strategic Report

The Director's present their Strategic Report together with the audited financial statements for the year ended 31 December 2017.

The business model

The Pharm Research Associates (UK) Limited ("PRA") business model is quite dynamic, focused on our clients' needs and expectations and built upon a deep foundation of scientific knowledge, advanced technology and clinical expertise. Most importantly we have an unwavering focus on delivering quality service: quality is the underlying driver behind everything we do in such a complex and highly regulated industry.

PRA group is one of the largest Contract Research Organisations in the world by revenue, focused on executing clinical trials on a global basis. Our global clinical development platform includes approximately 70 offices across North America, Europe, Asia, Latin America, South Africa, Australia and the Middle East and over 15,800 employees worldwide. Since 2000, we have participated in approximately 3,700 clinical trials worldwide, we have worked on marketed drugs across several therapeutic areas and conducted the pivotal or supportive trials that led to U.S. Food and Drug Administration, or FDA, or international regulatory approval of more than 75 drugs. We intend to continue building PRA into one of the top clinical development organisations in the world by expanding our therapeutic expertise, strengthening our service offerings, leveraging our global infrastructure, broadening our geographical reach and pursuing a disciplined acquisition strategy.

The group has made significant investments to enhance our global infrastructure, including recruiting and training qualified professionals, developing a worldwide network of offices and building an integrated information technology platform. We believe we provide our clients with one of the most flexible clinical development service offerings, which includes both traditional, project-based Phase I through Phase IV services as well as embedded and functional outsourcing services. We believe we further differentiate ourselves from our competitors through our investments in medical informatics and clinical technologies designed to enhance efficiencies, improve study predictability and provide better transparency for our clients throughout their clinical development processes.

Global Pharmaceutical and Biotechnology companies outsource product development services to Contract Research Organisations ("CROs") in order to manage the drug development process more efficiently and cost-effectively and to speed up time to market. PRA and other CROs derive substantially all their revenue from pharmaceutical and biotechnology companies' R&D expenditure, which has increased substantially in recent years. The company's integrated services include data management, statistical analysis, clinical trial management and regulatory and drug development consulting.

Principal risks and uncertainties

One of the prime challenges for us as a group is working with unpredictable project cycles because of timing and drug stabilisation, the resources and funding available to our clients and the complexities of the studies involved. Our global PRA Quality Management System and superior IT infrastructure enable the UK Company to pool work with its overseas affiliates to meet these peaks and troughs.

The Company's clients may terminate contracts without cause with as little as 30 to 60 days' notice. While the company generally negotiates deposit payments and early termination fees up front, such terminations could significantly impact the future level of staff utilisation and have a material adverse effect on the company and the results of future operations.

Drugs provide therapeutic benefits, i.e., curing a disease, slowing its evolution, or alleviating symptoms, but drugs also carry the risks of adverse drug reactions, which can span from frequent and minor symptoms, such as nausea or headache, to rare but severe events. Regulatory authorities are responsible for the benefit-risk assessment of a drug, mainly through qualitative assessment of quantitative data. This may result in a drug being withdrawn and a trial cancelled, because the revised safety evaluation confronted with the efficacy findings, no longer supports a favourable benefit-risk assessment.

Pharm Research Associates (UK) Limited

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The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Wherever possible, the company matches revenues and expenses of the same currency, minimising exchange risk. Furthermore, sales contracts pass on the foreign exchange risk on variable ancillary costs charged to the customer. Such natural hedging does not eliminate risk completely, but is considered preferable to the cost of financial instruments.

The company, as part of a larger group, actively maintains an appropriate level of group debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions. Cash flow is forecast on a weekly basis, anticipating major outflows and customer receipts for the company and group as whole. The company has access to funds from other group undertakings. Interest rates are agreed by the group as part of a funding strategy and reflect the cost of external debt at fixed rates.

There have been no changes made to the company or planned due to Brexit. The company has a Brexit task force which is closely monitoring the impact of Brexit on the industry and the details will become clearer as negotiations progress. At this stage, negotiations between the United Kingdom government and the European Union are ongoing.

Review of business and future developments

The Contract Research Organisation ("CRO") industry remains highly fragmented, with several hundred smaller, limited service providers and a small number of full-service companies with global capabilities. CROs compete based on several factors, including reliability, past performance, expertise and experience in specific therapeutic areas, scope of service offerings, strengths in various geographic markets, technological capabilities, ability to manage large scale global clinical trials, and price. These factors also limit the number of global providers in the industry.

Over the past 30 years, the group has developed strong client relationships and have performed services for more than 300 biotechnology and pharmaceutical clients. In the year ended December 31, 2017, the group derived 53% of our service revenue from large pharmaceutical companies. Our Strategic Solutions offerings have significantly expanded our relationships with large pharmaceutical companies in recent years, which has allowed us to pursue strategic alliances with these companies due to our global presence, broad therapeutic expertise and flexible clinical development service offerings. Additionally, we believe that we have built a reputation as a strategic partner of choice for biotechnology and small- to mid-sized pharmaceutical companies as a result of our competitively differentiated platform and our long-term track record of serving these companies. We expect to benefit from growth in clinical development investment from these customers given the favorable capital raising environment in recent years.

The nature of our business means that it is not possible to say where in the world we expect the work to be placed, but on a global basis the group expect to continue to grow in 2018 and the Company is an important part of that growth. Pharm Research Associates (UK) Limited acts as principal party for business activities in Europe, Africa and Asia ("the EAPA region"), overseeing PRA group companies across the region. As its activities are global in nature, local work is subcontracted to PRA group companies operating in each territory.

Gross margin for 2017 is 28% which is consistent with 28% in 2016.

Pharm Research Associates (UK) Limited

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Key performance indicators

The company is managed by the UK and US management teams. The performance and results for the entity are analysed on a worldwide PRA measurement basis at an operational level and department level. For this reason, the directors of the company believe that analysis using key performance indicators is not appropriate for an understanding of the development, performance or position of the business shown in these financial statements.

On behalf of the Board



C Gray
Director
Date: 14 August 2018

Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017

Directors' Report

The Directors present their annual report on the affairs of Pharm Research Associates (UK) Limited, together with the financial statements and independent auditor's report for the year ended 31 December 2017

Principal activities

The company's principal activity during the year was the processing of pharmaceutical research data and management of clinical trials.

Results and dividends

The results for the year are set out in the statement of comprehensive income account on page 11.

The profit for the year, after taxation, amounted to £37,691,864 (2016: £53,773,056).

During the year no interim dividend was paid to the parent company (2016: £nil) and the directors do not recommend the payment of a final dividend (2016: £nil)

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's financial department.

Foreign exchange risk

Wherever possible, the company matches revenues and expenses of the same currency, minimising exchange risk. Furthermore, sales contracts pass on the foreign exchange risk on variable ancillary costs charged to the customer. Such natural hedging does not eliminate risk completely, but is considered preferable to the cost of financial instruments.

Credit risk

The company has a strong repeat business rate and hence good experience of its customer's credit risk. For new customers the company has implemented policies that require appropriate credit checks before sales are made.

Liquidity risk

The company, as part of a larger group, actively maintains an appropriate level of group debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions. Cash flow is forecast on a weekly basis, anticipating major outflows and customer receipts for the company and group as whole.

Interest rate cash flow risk

The company has access to funds from other group undertakings. Interest rates are agreed by the group as part of a funding strategy and reflect the cost of external debt at fixed rates.

Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017

Directors

The directors who held office during the year and up to the date of signing the financial statements are shown below:

C Shannon
C Gray

The company is a wholly owned subsidiary of a company incorporated outside Great Britain and, as permitted by statutory instrument, no disclosure is made of any interest of the directors in the shares or share options of that company.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee consultation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are considered when decisions are made that are likely to affect their interests and that all employees are aware of any financial and economic performance of their business units and of the company as a whole. Communication with all employees continued through line management channels and regular meetings with representatives of employees.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies presented in note 1 to the financial statements.

Future developments and subsequent events

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 to 4 and have been included within note 19.

Existence of branches outside the UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

Pharm Research Associates UK Ltd. - Ghana Branch

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pharm Research Associates (UK) Limited

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This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

On behalf of the Board



C Gray
Director
Date: 14 August 2018

Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHARM RESEARCH ASSOCIATES (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pharm Research Associates (UK) Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017.

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Pharm Research Associates (UK) Limited

Annual report and financial statements for the year ended 31 December 2017

Matters on which we are required to report by exception


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

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

We have nothing to report in respect of these matters.

Use of our report

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



Dawn Harris, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
14 August 2018

Pharm Research Associates (UK) Limited

Statement of Comprehensive Income for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	379,909,178	296,807,062
Cost of sales		(274,110,615)	(213,935,503)
Gross profit		105,798,563	82,871,559
Administrative expenses		(77,990,226)	(22,359,377)
Operating profit	4	27,808,337	60,512,182
Interest receivable and similar income	7	7,044,026	6,048,972
Interest payable and similar charges	8	(301,724)	(112,158)
Other Income	9	366,168	352,054
Dividends Received		8,500,000	-
Profit on ordinary activities before taxation		43,416,807	66,801,050
Tax on profit on ordinary activities	10	(5,724,943)	(13,027,994)
Profit for the financial year		37,691,864	53,773,056
Other comprehensive income		-	-
Total comprehensive income		37,691,864	53,773,056

The notes on pages 14 to 30 form part of these financial statements.

All amounts are derived from continuing operations.

Pharm Research Associates (UK) Limited

Balance sheet as at 31 December 2017

Company number 03247443	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	2,228,736	2,130,826
Investments	12	29,784,990	29,234,167
Investments in joint ventures	13	4,602,911	-
		<u>36,616,637</u>	<u>31,364,993</u>
Current assets			
Debtors due after more than one year	14	3,481,892	1,792,918
Debtors due within one year	14	367,888,227	271,103,128
Cash at bank and in hand		11,218,377	14,078,433
		<u>382,588,496</u>	<u>286,974,479</u>
Creditors due within one year	15	(214,212,052)	(152,286,818)
		<u>168,376,444</u>	<u>134,687,661</u>
Net current assets			
Creditors due after more than one year	15	(5,104,311)	(4,883,356)
		<u>199,888,770</u>	<u>161,169,298</u>
Total assets less current liabilities			
Capital and reserves			
Called up share capital	16	1,340,849	1,340,849
Share premium	16	9,999,999	9,999,999
Capital contribution reserve		1,893,181	865,573
Profit and loss account		186,654,741	148,962,877
		<u>199,888,770</u>	<u>161,169,298</u>
Total Shareholder's funds			
		<u>199,888,770</u>	<u>161,169,298</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14th August 2018.
They were signed on its behalf by:



C Gray
Director

The notes on pages 14 to 30 form part of these financial statements.

Pharm Research Associates (UK) Limited

Statement of changes in equity for the year ended 31 December 2017

Statement of changes in equity

	Share Capital	Share Premium account	Profit and loss account	Capital contribution reserve	Total
	£	£	£	£	£
At 1 January 2016	1,340,848	-	95,189,821	642,915	97,173,584
Profit for the financial year	-	-	53,773,056	-	53,773,056
Share based payment charge	-	-	-	222,658	222,658
Share issued	1	9,999,999	-	-	10,000,000
	<u>1,340,849</u>	<u>9,999,999</u>	<u>148,962,877</u>	<u>865,573</u>	<u>161,169,298</u>
At 31 December 2016	<u>1,340,849</u>	<u>9,999,999</u>	<u>148,962,877</u>	<u>865,573</u>	<u>161,169,298</u>

	Share Capital	Share Premium account	Profit and loss account	Capital contribution reserve	Total
	£	£	£	£	£
At 1 January 2017	1,340,849	9,999,999	148,962,877	865,573	161,169,298
Profit for the financial year	-	-	37,691,864	-	37,691,864
Share based payment charge	-	-	-	1,027,608	1,027,608
Share issued	-	-	-	-	-
	<u>1,340,849</u>	<u>9,999,999</u>	<u>186,654,741</u>	<u>1,893,181</u>	<u>199,888,770</u>
At 31 December 2017	<u>1,340,849</u>	<u>9,999,999</u>	<u>186,654,741</u>	<u>1,893,181</u>	<u>199,888,770</u>

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

General information and basis of preparation

Pharm Research Associate (UK) Limited (the "Company") is a private company limited by shares and incorporated in the England and Wales under the Companies Act 2006. The registered office is given on page 1. The nature of the Company's operations and activities are set out in the Directors report and Strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it under FRS102 paragraph 1.12 in respect of its financial statements. The results of the Company are included in the consolidated financial statements of PRA Health Sciences Inc. which are publicly available and can be obtained from the address detailed in note 20. In preparing these financial statements, the Company has taken advantage of the disclosure exemption for qualifying entities in respect of preparing a cash flow and related notes.

The directors have also taken advantage of the exemption from preparing group financial statements conferred by section 401 of the Companies Act 2006, as the company is a wholly owned subsidiary of PRA Health Sciences Inc., a non-EEA group, and the directors consider that the consolidated financial statements of PRA Health Sciences Inc. are prepared in a manner equivalent to the requirements of the EU Seventh Directive. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report describes the financial position of the Company and its financial risk management. The directors have a reasonable expectation despite the current uncertain economic conditions that the Company have adequate resources to continue in operational existence for at least 12 months from date of signing the financial statements. Further, as at 31 December 2017, the Company had net current assets of £168,376,444 (2016: £134,687,661). Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	-	shorter of 10 years or life of lease
Computer equipment	-	3 to 5 years
Office equipment	-	7 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies (*continued*)

Fixed asset investments

Fixed asset investments in subsidiaries and associates are measured at cost less provision for impairment. Investments in joint ventures are measured at fair value through profit and loss.

Government Grants

Capital grants received are shown as deferred income and credited to the profit and loss account by instalments on a basis consistent with the depreciation policy of the relevant assets. Revenue grants are credited to the profit and loss account to offset the matching expenditure. Where the grant is repayable if certain performance criteria are not maintained, such as staff employed, the revenue grant is recognised rateably to the final date of the performance condition.

Foreign currencies

Transactions arising during the year, which are denominated in foreign currencies, are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the period in which they arise.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies (*continued*)

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted.

Leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term

Pension costs

The company contributes to employees' personal defined contribution pension plans. The assets of these schemes are held separately from those of the company in independently administered funds. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover (excluding VAT) consists of professional fees in respect of ongoing contracts where turnover represents the value of work carried out during the year. Turnover is wholly attributable to continuing activities, and the principal activity, being the processing of pharmaceutical research data and the management of clinical trials.

The company acts as principal party for business activities in Europe, Africa and Asia, overseeing group countries across the region. As the majority of the company's activities relate to global projects, work is subcontracted to group companies located in the countries where the trials take place. Where principal risks and rewards for activity managed by the company on transactions with customers are borne by the company including where services are performed by fellow group companies, fees payable by the customer are recorded as revenue. This will include fees towards services performed in the UK as well as services subcontracted overseas. The charge for work subcontracted to other group companies is recorded within cost of sales.

As part of the group pricing structure, in addition to the professional fees mentioned above, variable ancillary costs are also charged to the client at cost. The basis for the fees are agreed with the client in advance and therefore all risk, currency and other, is borne by the client. Hence the cost and revenue relating to these ancillary activities are accounted net within turnover.

Long term contracts

Revenues from fixed-price contracts are recorded on a proportional performance basis. To measure performance, the company monitors the relationship of contract costs incurred to total estimated contract costs upon completion. The estimated total costs of contracts are reviewed and revised periodically throughout the lives of the contracts, with adjustments to revenue resulting from such revisions being recorded on a cumulative basis in the period in which the revisions are first identified. Contract costs consist primarily of direct labour and other related costs. Revenues from time and materials contracts are recognised as hours are incurred, multiplied by contractual billing rates. The majority of the company's contracts undergo modifications over the contract period and the company's contracts provide for these modifications. During the modification process, the company recognises revenue to the extent it incurs costs, provided client acceptance is deemed reasonably assured. Revenues related to contract modifications are recognised when the amounts are reasonably determinable and recoverability is assured.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies (*continued*)

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

If it is determined that a loss will result from performance under a contract, the entire amount of the loss is charged to the profit and loss account in the period in which the determination is made.

Share Options

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Research and Development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred. The research and development tax credit, which is based on eligible expenditure, is credited to the cost of sales in the year that the expenditure is incurred.

Related party transactions

The company has taken advantage of the disclosure exemptions available under the provisions of FRS102 not to disclose transactions with other Group companies.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are generally measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies (*continued*)

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors do not consider there to be any critical judgements or key areas of estimation uncertainty.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

3 Turnover

All revenues are derived from services related to Clinical Research activities - which is the principal activity of the Company

An analysis of turnover by geographical region (client location) is given below.

	2017 £	2016 £
United States of America	237,852,042	169,231,618
Europe	127,799,125	113,858,479
Rest of World	14,258,011	13,716,965
	<u>379,909,178</u>	<u>296,807,062</u>

An analysis of turnover by geographical region (work performed) is given below.

	2017 £	2016 £
United States of America	91,454,741	82,717,770
Europe	188,727,434	151,373,284
Rest of World	99,727,003	62,716,008
	<u>379,909,178</u>	<u>296,807,062</u>

4 Operating Profit

Operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation and amounts written off tangible fixed assets	782,320	771,773
Net foreign exchange loss/ (gain)	26,001,636	(22,473,895)
Fees payable to the company's auditor for:		
- the audit of the company's annual financial statements	110,000	95,000
- other non-audit services	36,692	12,837
Operating lease rentals:		
- plant and machinery	43,716	40,077
- land and buildings	1,522,280	699,462
Loss on disposal of joint venture	-	77,143
Gain on sale of investment	(385)	-
Profit from investment in joint venture	(365,783)	-
Research and Development tax (credit)	(4,119,441)	(4,007,019)
Research and Development expense	39,684,338	36,427,441
	<u></u>	<u></u>

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

5 Employee information

Staff costs (including directors) consist of:

	2017 £	2016 £
Wages and salaries	48,684,305	38,132,373
Social security costs	6,323,176	5,347,612
Pension costs	3,574,565	2,762,203
Share based payments	1,027,991	222,658
	<u>59,610,037</u>	<u>46,464,846</u>

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

	2017 Number	2016 Number
Project management and data processing	859	692
Sales and marketing	15	14
General and administrative	167	155
	<u>1,041</u>	<u>861</u>

6 Directors' emoluments

	2017 £	2016 £
Aggregate emoluments excluding pension costs	267,890	279,269
Pension costs	15,137	16,573
	<u>283,027</u>	<u>295,842</u>

Only one director is paid by the Company. Remuneration above relates to the only director and is therefore the highest paid director as well. In addition to the aggregate emoluments shown above for the one director paid through the company, one director of the company is remunerated through the parent entity.

The emoluments of Mr C Shannon are paid by the parent company. Mr C Shannon's services to this company and to a fellow subsidiary are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the parent company. Accordingly, the above details include no emoluments in respect of Mr C Shannon.

No retirement benefits are accruing to the directors under the Pharm Research Associates (UK) Limited defined contribution pension scheme in 2016 or 2017.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

6 Directors' emoluments (*continued*)

During 2017, 10,888 (2016: 22,446) share options were exercised. Included in the aggregate emoluments above is the employer costs in respect of the gains. Nil (2016: 1,256) share options were exercised in a cashless exercise.

7 Interest receivable and similar income

	2017 £	2016 £
On debt extended to group undertakings	7,031,644	6,048,972
Bank interest and similar income	12,382	-
	<u>7,044,026</u>	<u>6,048,972</u>

8 Interest payable and similar charges

	2017 £	2016 £
Bank interest	-	661
On debt from group undertakings	301,724	111,497
	<u>301,724</u>	<u>112,158</u>

9 Other Income

Included in Other Income there is £nil (2016: £330,020) of Grant Income recognised in 2017. The 2016 balance was due to a claim made to the Welsh Government related to aid for job creation. In 2017 Gain on sale of Kinship Technologies Private Limited investment (note 12) £385 (2016: £nil) and Profit from investment in joint venture Takeda PRA Development Centre KK (note 13) £365,783 (2016: £nil) is shown in Other Income.

10 Tax on profit on ordinary activities

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax on profit for the year	6,679,805	13,483,250
Adjustments in respect of prior years	(719,068)	(397,003)
Total current tax	<u>5,960,737</u>	<u>13,086,247</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(235,794)	(58,253)
Tax charge on profit on ordinary activities	<u>5,724,943</u>	<u>13,027,994</u>

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

10 Tax on profit on ordinary activities (continued)

The tax for the year is lower (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	43,416,807	66,801,050
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	8,357,735	13,360,210
Effect of:		
Income not taxable for tax purposes	(1,706,360)	-
Expenses not deductible for tax purposes	63,335	1,242,568
Group relief (claimed)/surrendered	(13,788)	(55,208)
R&D expenditure credits	47,315	-
Other permanent differences	(351,797)	(1,144,593)
Other short term timing differences	47,571	22,020
Adjustments in respect of previous years	(719,068)	(397,003)
Total tax charge for the year	5,724,943	13,027,994

Factors that may affect future tax charges

The standard rate of corporation tax in the United Kingdom changed from 20% to 19% with effect from 1 April 2017.

Additional reduction to 17% from 1 April 2020 were substantively enacted on 26th October 2015.

The company has the following recognised deferred tax asset. Losses are available for relief against future gains, subject to agreement by HM Revenue and Customs. There are no amounts unrecognised.

	Amount recognised	
	2017 £	2016 £
Tax effect of timing differences because of:		
Fixed asset timing differences	237,909	35,274
Short term timing differences	235,794	202,635
	473,703	237,909

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

11 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
<i>Cost</i>				
At 1 January 2017	1,382,436	1,689,054	2,441,945	5,513,435
Additions	184,232	646,358	49,640	880,230
	<u>1,566,668</u>	<u>2,335,412</u>	<u>2,491,585</u>	<u>6,393,665</u>
<i>Accumulated depreciation</i>				
At 1 January 2017	(613,995)	(1,149,325)	(1,619,289)	(3,382,609)
Charged for the year	(155,999)	(291,999)	(334,322)	(782,320)
	<u>(769,994)</u>	<u>(1,441,324)</u>	<u>(1,953,611)</u>	<u>(4,164,929)</u>
<i>Net book value</i>				
At 31 December 2017	<u>796,674</u>	<u>894,088</u>	<u>537,974</u>	<u>2,228,736</u>
At 31 December 2016	<u>768,441</u>	<u>539,729</u>	<u>822,656</u>	<u>2,130,826</u>

12 Fixed asset investments

	Shares in subsidiary undertakings £	Shares in other groups Undertakings £	Total £
<i>Cost</i>			
At 1 January 2017	29,233,819	348	29,234,167
Additions	14,474,459	-	14,474,459
Disposal	(13,923,636)	-	(13,923,636)
	<u>29,784,642</u>	<u>348</u>	<u>29,784,990</u>
31 December 2017	29,784,642	348	29,784,990

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

12 Fixed asset investments (continued)

An agreement was put in place dated 21 December 2016 for Pharm Research Associates (UK) Limited to contribute IMP Logistics CJSC to IMP Logistics UK Limited in exchange for 1 share in IMP Logistics UK Limited with a share premium of £13,918,275. The legal change did not occur until January 2017.

On 23 March 2017 Pharm Research Associates (UK) Limited sold the investment in Kinship Technologies Private Limited to Pharmaceutical Research Associates Inc. for 475,000 INR.

On 05 April 2017 Pharm Research Associates (UK) Limited sold 1 share in PRA Pharmaceutical India Private Limited to PRA International, LLC for less than nominal value.

On 01 June 2017 Pharm Research Associate (UK) limited acquired all of the outstanding shares (400 shares) of Takeda Pharmaceutical Data Services, Ltd, or TDS, from Takeda Pharmaceutical Company Ltd., or Takeda, for \$719k (£556k) in cash.

Pharm Research Associates (UK) Limited owns shares in its subsidiaries, as detailed below.

Name of undertaking	Country of Incorporation	Description of shares Held	% of Shares Held
Pharmaceutical Research Associates Sp.z.o.o Aleja Wyścigowa 6, Catalina Office Center, IV pietro 02-681 Warsaw, Poland	Poland	Ordinary	100.0
Pharm Research Associates Russia Ltd Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom	Great Britain	Ordinary	100.0
Pharmaceutical Research Associates Singapore Pte. Ltd 02-06/10, 21 Biopolis Road, Nucleos Singapore 138567	Singapore	Ordinary	100.0
Pharmaceutical Research Associates Taiwan Inc. Aurora Building, 5th Floor, No. 2, Sec 5 Xinyi Road, Xinyi District, Taipei, Taiwan	Taiwan	Ordinary	100.0
Pharmaceutical Research Associates Israel Ltd. Building C, 8th Floor, 4 Haharash Street Hod Hasharon 45240 Israel	Israel	Ordinary	100.0

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

Pharmaceutical Research Associates Belgium BVBA			
E19 Business Park, Battelse steenweg 455D 2800 Mechelen, Belgium	Belgium	Ordinary	1.0
Pharmaceutical Research Associates Hungary Research and Development Ltd.			
Szepvolgyi ut 39, HU-1037 Budapest Hungary	Hungary	Ordinary	3.0
Pharmaceutical Research Associates Italy s.r.l			
Via Borgogna 8, 20122 Milan, Italy	Italy	Ordinary	1.0
Pharmaceutical Research Associates Chile SpA			
Miraflores 222, Piso 24, Santiago, Chile	Chile	Ordinary	100.0
Pharm Research Associates d.o.o. Ltd. For clinical trials			
Trg. J.F. Kennedy 6b, 10 000 Zagreb, Croatia	Croatia	Ordinary	100.0
Pharmaceutical Research Associates Bulgaria EOOD			
51b Bulgaria Blvd., Floor4, Sofia, Bulgaria 1404	Bulgaria	Ordinary	100.0
Pharmaceutical Research Associates Korea Limited			
11F, GS Tower, 508 Nonhyun-ro, Gangam-gu Seoul, 135-985 Korea	South Korea	Ordinary	100.0
Pharmaceutical Research Associates Greece A.E.			
81 Ifigeneias Street, Nea Ionia 142 31 Attikis, Athens, Greece	Greece	Ordinary	100.0
PRA Clinical Research & Development Turkey AE			
Kisikli Caddesi; No. 28, K:1-2, Altunizade, Istanbul Turkey 34662	Turkey	Ordinary	50.0
Pharmaceutical Research Associates Denmark ApS			
Haveholmen 29, 1561 Copenhagen, Denmark	Denmark	Ordinary	100.0
Pharmaceutical Research Associates Finland Oy			
Vattuniemenranta 2, 00210 Helsinki, Finland	Finland	Ordinary	100.0

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

PRA Switzerland AG Lange Gasse 15, Basel 4052 Switzerland	Switzerland	Ordinary	100.0
PRA International Portugal, Unipessoal, Lda. Av. da República, 50-10, 1069-211, Lisboa Portugal	Portugal	Ordinary	100.0
Pharmaceutical Research Associates New Zealand Limited L3, 2 Hazeldean Road, Addington, PO Box 2099 Christchurch, New Zealand	New Zealand	Ordinary	100.0
ReSearch Pharmaceutical Services France S.A.S Tour So Ouest, 35 rue d'Alsace 92300 Levallois-Perret, France	France	Ordinary	100.0
PRA Health Sciences (Hong Kong) Limited 32/F, Tower 1, Millennium City 1 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	Hong Kong	Ordinary	100.0
Pharmaceutical Research Associates Peru Sociedad Anonima Cerrada (aka PRA Peru SAC) Pasaje Sucre 177, Miraflores, Lima, Peru	Peru	Ordinary	1.0
IMP Logistics UK Limited Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Great Britain	Ordinary	100.0
Pharmaceutical Research Associates Georgia LLC 42-42a (Building No. 1), Alexander Kazbegi Avenue Vake-Saburtalo District, Tbilisi, Georgia	Georgia	Ordinary	100.0
PRA Health Sciences KK 3-8, Doshomachi 2-chome, Chuo-Ku Osaka, Japan 541-0045	Japan	Ordinary	100.0

The principal activity of all the above entities is the management of clinical trials except for the investment in IMP Logistics UK Limited which is a warehousing and logistics provider for the clinical trial industry.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

13 Joint Ventures

On 01 June 2017, Pharm Research Associate (UK) limited and Takeda also closed on a joint venture transaction that enables the Company to provide clinical trial delivery and pharmacovigilance services as a strategic partner of Takeda in Japan. The joint venture transaction was effected through the creation of a new legal entity, Takeda PRA Development Center KK, or TDC joint venture. The Company paid \$5.4 million (£4.24m) for a 50% equity interest in the TDC joint venture, which represents 50% of the fair value of the net assets and workforce that Takeda contributed to the joint venture. The joint venture provides services including clinical trial monitoring, project management, regulatory strategy and submissions, data management, biostatistics, drug safety reporting, and medical monitoring. The Company is required to buy-out Takeda's 50% interest in the TDC joint venture in two years. The Company also has an early buy-out option of Takeda's 50% interest in December 2018 if both parties agree.

	£
Cost	
At 1 January 2017	-
Addition	4,237,128
Profit in the year	365,783
	<hr/>
As at 31 st December 2017	4,602,911
	<hr/>
At 31 st December 2016	<hr/>

14 Debtors

	2017 £	2016 £
<i>Due within one year</i>		
Trade debtors	30,368,286	19,344,908
Amounts recoverable on long-term contracts	24,179,828	11,913,665
Amounts owed by group undertakings	311,338,657	237,902,383
Other debtors	631,804	839,661
VAT receivable	-	236,329
Corporation tax receivable	62,881	-
Prepayments and accrued income	833,068	628,273
Deferred tax asset (note 10)	473,703	237,909
	<hr/>	<hr/>
	367,888,227	271,103,128
	<hr/>	<hr/>
<i>Due after more than one year</i>		
Amounts owed by group undertakings	3,481,892	1,792,918
	<hr/>	<hr/>
	3,481,892	1,792,918
	<hr/>	<hr/>
Total Debtors	371,370,120	272,896,046
	<hr/>	<hr/>

Of the group undertakings due after more than one year, £1,698,131 on 30 June 19 (2016: £1,792,918) and £1,783,761 (2016: Nil) on 21 June 2027. The loan notes are unsecured and interest is due on the balances at 3.3% (2016: 4.5%). Of the group undertakings due within one year, these are unsecured, repayable on demand and attract no interest.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

15 Creditors

	2017 £	2016 £
<i>Due within one year</i>		
Payments received on account	36,068,556	22,310,697
Trade creditors	3,654,578	2,412,361
Amounts owed to group undertakings	160,528,137	115,065,682
Corporation tax payable	-	6,680,604
Accruals	13,960,781	5,817,474
	<u>214,212,052</u>	<u>152,286,818</u>
<i>Due after more than one year</i>		
Amounts owed to group undertakings	5,104,311	4,883,356
	<u>5,104,311</u>	<u>4,883,356</u>
Total Creditors	<u>219,316,363</u>	<u>157,170,174</u>

The creditors balance includes an accrual of £499,815 (2016:£429,932) related to pension costs.

Of the group undertakings payable after more than one year, £5,104,311 is payable on 16 November 2021 (2016: £4,883,356). The loan notes are unsecured and interest is due on the balances at 3.3% (2016: 2.91%).

Of the group undertakings payable within one year, these are unsecured, repayable on demand and interest is due on overdue balances, chargeable at 0.5% above central bank rate.

16 Called up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid share capital</i>		
1,340,849 ordinary shares of £1 each (2016: 1,340,849)	1,340,849	1,340,849
	<u>1,340,849</u>	<u>1,340,849</u>
<i>Share premium</i>	9,999,999	9,999,999
	<u>9,999,999</u>	<u>9,999,999</u>

The Company has one class of ordinary shares which carry no right of fixed income

Share premium reserve arose from issue of one ordinary share in 2016 for a consideration of £10 million.

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

17 Financial Commitments

At 31 December 2017 the company had annual commitments under non-cancellable operating leases, as set out below.

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
<i>Operating leases that expire:</i>				
Within one year	-	8,799	45,515	47,418
Between two and five years	475,548	52,281	214,007	154,448
Over five years	1,638,153	1,636,993	19,397	-
	<u>2,113,701</u>	<u>1,698,073</u>	<u>278,919</u>	<u>201,866</u>
Total	<u>2,113,701</u>	<u>1,698,073</u>	<u>278,919</u>	<u>201,866</u>

18 Financial Instruments

The carrying value of the Group and Company's financial assets and liabilities are summarised by category below:

	2017	2016
	£	£
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (note 14)	55,179,717	33,200,745
Amounts due from group undertakings (note 14)	314,820,549	239,695,301
Equity instruments measured at cost less impairment		
Fixed asset investments in unlisted equity instruments (note 12)	29,784,990	29,234,167
Equity instruments measured at fair value through profit and loss		
Fixed asset investments in unlisted equity instruments (note 13)	4,602,911	-
	<u>404,388,167</u>	<u>302,130,213</u>

Pharm Research Associates (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017

18 Financial Instruments (continued)

	2017 £	2016 £
Financial liabilities		
Measured at undiscounted amount payable		
Trade and other creditors (note 15)	53,683,916	37,221,136
Amounts due to group undertakings (note 15)	165,632,448	119,949,038
	<u>219,316,363</u>	<u>157,170,174</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2017 £	2016 £
Interest income and expense		
Total interest income for financial assets (note 7)	7,044,026	6,048,972
Total interest expense for financial liabilities (note 8)	(301,724)	(112,158)
	<u>6,742,302</u>	<u>5,936,814</u>

19 Subsequent events

On 24 July 2018 PRA Health Sciences Kenya Limited was incorporated. The company is a fully owned subsidiary of Pharm Research Associates (UK) Limited which holds 1,000 ordinary shares of KES 100.00 each, unpaid as at the date of signing the financial statements. There were no other subsequent events at the date of signing the financial statements.

20 Ultimate parent undertaking

PRA Health Sciences Inc. represents the ultimate parent company for Pharm Research Associates (UK) Limited and the parent of the largest group for which results are consolidated. Copies of the consolidated financial statements are available from PRA Health Sciences Inc., 4130 Park Lake Avenue, Suite 400, Raleigh, NC 27612, USA.