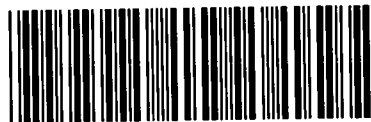


Company Registration No. 02855109 (England and Wales)

CEGEDIM RX LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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CEGEDIM RX LIMITED

COMPANY INFORMATION

Directors	Susan Heap Stefan Janssens
Secretary	Susan Heap
Company number	02855109
Registered office	The Bread Factory 1A Broughton Street Battersea London United Kingdom SW8 3QJ
Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

CEGEDIM RX LIMITED

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CEGEDIM RX LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Review of the business

Cegedim Rx Limited continues to operate in the community pharmacy marketplace and healthcare sector and provides a number of services to pharmacies, optometrists and other healthcare professionals.

Cegedim Rx continues to supply two software applications to enable the dispensing of prescriptions, namely Pharmacy Manager and Nexphase, and is spending significant funds on R&D within the business to enhance and develop new and improved solutions for its pharmacy market.

The company continues to work with a number of the professional bodies representing pharmacy, with regard to pharmacy IT especially, noticeably The Royal Pharmaceutical Society, the National Pharmacy Association, the Association of Independent Multiples, Pharmacy Voice and other independent pharmacists to shape pharmacy services to meet the Government's health agenda. The company has significant corporate clients, as well as independent pharmacies and groups of independent pharmacies.

The company's revenue for the year was £16,225,922, compared to £17,213,624 in 2017.

The company's profit for the financial year after tax was £431,558 (2017 - loss after tax of £2,782,576), after incurring a one off charges of £1,798,000 (2017 - £6,118,000) relating to the transfer into the company of the trade and assets of other subsidiaries of Cegedim SA.

Excluding these one off charges, the directors consider that the level of trading profits will remain broadly similar in the future and have implemented the necessary safeguards to ensure future expansion and profitability.

The directors continue to focus on looking at synergies with other Cegedim Group companies to provide their customers with enhanced products and services.

Principal risks and uncertainties

The company's risk management process includes an assessment of the likelihood and potential impact of a range of events to determine the overall risk level and to identify actions necessary to mitigate their impact. The following risks have been identified as ones which could have a material impact on the future financial performance of the company and cause results to differ materially from expected and historical results. Additional risks not currently known or which are regarded as immaterial could also affect future performance.

Financial risk management

The company's operations expose it to a variety of financial risks including the effects of credit risk. As a subsidiary of Cegedim SA the overarching Group policies in relation to external risks, including interest rate, foreign exchange risk and liquidity risk are set out in the annual report of Cegedim SA. The company does not use derivative financial instruments to manage interest rate costs.

Where the company enters into transactions with inherent external counter-party risk, exposures are assessed in line with Cegedim SA policies and guidance.

Market and customer related risk

The company supplies primarily to large corporate market which is affected by macro-economic conditions and consumer demand. The company mitigates these risks by seeking to reduce its cost base and adapt to market conditions when adverse market events occur and by monitoring its credit exposures.

CEGEDIM RX LIMITED

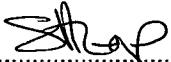
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Brexit

Due to the uncertainty surrounding Brexit, it is not currently possible to fully evaluate all its potential implications on the company's trade, customers and suppliers. However, the directors have performed an initial impact assessment and at the moment do not believe it will have a material impact on the company. The directors will continue to monitor this as the situation evolves.

On behalf of the board



.....
Susan Heap

Director

..... 18th September 2019

CEGEDIM RX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company in the year under review was that of development, distributing and supporting software systems for use in retail pharmacies, optometry and the healthcare sector.

The company also provides hardware, peripheral items, NHS N3 broadband, provision of data, and other IT services associated to its software applications.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid (2017 - no ordinary dividends were paid). The directors do not recommend payment of a final dividend.

Directors

The names of the present directors of the company are shown on the company information page. Changes in directors during the year are shown below:

Maxwell Brighton
Susan Heap
Stefan Janssens

(Resigned 19 January 2018)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Research and development

The company routinely engages in activities relating to the development of future software products to enhance and develop further its core offerings to the healthcare sector.

Future developments

The company plans to continue to trade as normal for the foreseeable future.

Auditor

In accordance with the company's articles, a resolution proposing that Mazars LLP be reappointed as auditor of the company will be put at a General Meeting.

CEGEDIM RX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of directors' responsibilities

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). 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 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Susan Heap

Director

Date: 18th September 2019

CEGEDIM RX LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEGEDIM RX LIMITED

Opinion

We have audited the financial statements of Cegedim Rx Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CEGEDIM RX LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CEGEDIM RX LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of 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, 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.

CEGEDIM RX LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit 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.



**Samantha Russell (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountant and Statutory Auditor**

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 24 September 2011

CEGEDIM RX LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	3	16,225,922	17,213,624
Cost of sales		(3,029,212)	(3,630,635)
Gross profit		13,196,710	13,582,989
Administrative expenses		(11,245,274)	(10,488,238)
Charges relating to group restructure	4	(1,797,756)	(6,118,043)
Operating profit/(loss)	5	153,680	(3,023,292)
Interest receivable from group undertakings	9	165,079	104,774
Other investment income	9	-	9,195
Profit/(loss) before taxation		318,759	(2,909,323)
Tax on profit/(loss)	10	112,799	126,747
Profit/(loss) and total comprehensive income for the financial year		431,558	(2,782,576)

The income statement has been prepared on the basis that all operations are continuing operations.


CEGEDIM RX LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Fixed assets			
Property, plant and equipment	11	418,610	400,685
Investments	12	1	1
		<u>418,611</u>	<u>400,686</u>
Current assets			
Inventories	13	32,878	50,134
Deferred tax asset	16	160,759	156,878
Trade and other receivables	14	16,134,783	14,450,768
Current tax recoverable		-	175,042
Cash and cash equivalents		956,996	2,693,735
		<u>17,285,416</u>	<u>17,526,557</u>
Current liabilities			
Trade and other payables	15	(3,725,906)	(4,316,752)
Taxation and social security		(409,052)	(472,980)
		<u>(4,134,958)</u>	<u>(4,789,732)</u>
Net current assets		<u>13,150,458</u>	<u>12,736,825</u>
Total assets less current liabilities		<u>13,569,069</u>	<u>13,137,511</u>
Net assets		<u>13,569,069</u>	<u>13,137,511</u>
Equity			
Called up share capital	18	50,139	50,139
Retained earnings		13,518,930	13,087,372
Total equity		<u>13,569,069</u>	<u>13,137,511</u>

The financial statements were approved by the board of directors and authorised for issue on 18th September 2019 and are signed on its behalf by:



Director

Company Registration No. 02855109

CEGEDIM RX LIMITED

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

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2017	50,139	15,869,948	15,920,087
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(2,782,576)	(2,782,576)
Balance at 31 December 2017	50,139	13,087,372	13,137,511
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	431,558	431,558
Balance at 31 December 2018	50,139	13,518,930	13,569,069

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Cegedim Rx Limited is a private company limited by shares incorporated in England and Wales.

The registered office is The Bread Factory, 1A Broughton Street, Battersea, London, United Kingdom, SW8 3QJ.

The principal activity of the company was that of the development, distributing and supporting software systems for use in retail pharmacies.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a) (iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property Plant and Equipment;
 - paragraph 118 (e) of IAS 38 Intangibles Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The company is a wholly owned subsidiary of Cegedim SA, which publishes consolidated financial statements in which the company is included. These accounts present information about the company on an individual basis.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.2 Change in accounting standards

The new accounting standards that took effect 1 January 2018, notably IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have no material impact on the company's financial statements.

First application of IFRS 15 "Revenue from contracts with customers"

IFRS 15 lays out the rules for revenue recognition. It replaces earlier standards IAS 18 "Revenue" and IAS 11 "Construction Contracts". The standard calls for a new five-step approach to revenue recognition. It also contains specific provisions for particular cases such as licenses, guarantees, and cost capitalisation for customer acquisition and contract execution.

The company's revenues consist primarily of services, software sales and, to a lesser extent, hardware sales.

The company has adopted IFRS 15 for its financial statements starting 1 January 2018, according to the modified retrospective method. This method involves recording the impact of initial application in shareholders' equity at 1 January 2018, but no restatement of earlier periods. IFRS 15 has no material impact on revenues relative to the company's previous revenue recognition principles and methods.

Application of IFRS 9 "Financial Instruments"

IFRS 9 "Financial instruments" replaces the IAS 39 "Financial instruments: recognition and measurement" standard.

- ***Classification of financial assets***

IFRS 9 calls for a new approach to classifying and pricing financial assets. The standard provides for three financial asset classes depending upon whether they are recognised at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

- ***Impairment of financial assets and contract assets***

For trade receivables, including contract assets, the company calculated actual losses related to its client portfolio over recent years and concluded that the new provisions for amortisation of contract assets do not have a material impact on the company's financial statements.

1.3 Going concern

These financial statements have been drawn up on a going concern basis. The company meets its working capital requirements through the support of its parent and other group companies.

1.4 Revenue

The company's revenues consist primarily of services, software sales and, to a lesser extent, hardware sales.

Service revenue

The main categories of services and the methods of revenue recognition are as follows:

- Most clients of the company's databases purchase subscriptions and are billed monthly quarterly or yearly; sales revenues are then recognised linearly over the considered period.
- Sales of syndicated and custom research supplied by the company are recorded on a prorated basis when they are delivered to the client.
- Data processing (projects) performed for clients is recorded when the service is provided.
- Support services (assistance, maintenance, etc.) are typically covered by an annual contract calculated on a lump-sum basis in proportion to the costs and resources committed by the company to provide these services. Income from these contracts is recorded on a prorated basis, which can result in the recognition of liabilities on client contract.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Software and equipment sales

These sales are recorded upon delivery, when the products are installed at the professional's site. Revenue from software licenses with fixed or open-ended terms is entered into the accounts, providing:

- Provided there is an agreement with the client;
- delivery and acceptance are completed;
- the amount of revenue and the related costs can be measured reliably; and
- the economic benefit from the transaction will flow to the company.

If any of these four criteria is not met, the recognition of sales arising from the software license is deferred until all of the criteria are met.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% on cost
Computers	50% on cost, 33% on cost, 25% on cost and 20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

1.8 Fair value measurement

The company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.13 Operating leases

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.15 Software development costs

Software development costs are written off as incurred.

2 Adoption of new and revised standards and changes in accounting policies

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2018:

EU effective date – periods beginning on or after

- Annual Improvements to IFRSs (2014 - 2016) 1 January 2018

The adoption of the following standard in future years is not expected to have a material impact on the company's financial statements:

- IFRS 16 Leases 1 January 2019

The adoption of IFRS 16 Leases in future years is expected to impact the recognition, measurement, presentation and disclosure of the company's financial statements.

3 Revenue

Turnover is attributable to the company's principal activity and arises entirely within the United Kingdom.

4 Exceptional items

	2018	2017
	£	£
Charges relating to group restructure	(1,797,756)	(6,118,043)

On 1 January 2018 the company acquired the trade, assets and liabilities of Webstar Health Limited, a fellow subsidiary of Cegedim SA, at net book value for no consideration.

On 1 January 2017 the company acquired the trade, assets and liabilities of Cegedim Healthcare Services Limited, a fellow subsidiary of Cegedim SA, at net book value for no consideration.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Operating profit/(loss)

	2018	2017
	£	£
Operating profit/(loss) for the year is stated after charging:		
Exchange losses	16,607	18,962
Depreciation of property, plant and equipment	270,872	251,998
Operating lease rentals - property	166,005	194,547
Operating lease rentals - vehicles	72,672	73,773
	<u>72,672</u>	<u>73,773</u>

6 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the company	20,945	19,700
Audit of the financial statements of the company's subsidiaries	2,000	-
	<u>22,945</u>	<u>19,700</u>
For other services		
Other assurance services	6,500	6,500
	<u>6,500</u>	<u>6,500</u>

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
Directors	1	1
Employees	154	143
	<u>155</u>	<u>144</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	6,328,722	5,726,548
Social security costs	716,012	588,316
Pension costs	261,320	196,161
	<u>7,306,054</u>	<u>6,511,025</u>

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	125,728	129,161
Company pension contributions to defined contribution schemes	8,375	9,581
	<u>134,103</u>	<u>138,742</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

9 Investment income

	2018 £	2017 £
Interest income		
Interest on bank deposits	-	9,195
Interest receivable from group companies	165,079	104,774
	<u>165,079</u>	<u>113,969</u>

10 Income tax expense

	2018 £	2017 £
Current tax		
Adjustments in respect of prior periods	(108,918)	(174,140)
	<u>(108,918)</u>	<u>(174,140)</u>
Deferred tax		
Origination and reversal of temporary differences	(3,881)	36,045
Changes in tax rates	-	11,348
	<u>(3,881)</u>	<u>47,393</u>
Total tax (credit)	<u>(112,799)</u>	<u>(126,747)</u>

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2018 £	2017 £
Profit/(loss) before taxation	318,759	(2,909,323)
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	60,564	(560,045)
Effect of expenses not deductible in determining taxable profit	343,727	1,178,124
Adjustment in respect of prior years	(108,918)	(174,140)
Group relief	(403,599)	(580,514)
Depreciation in excess of/(lower than) capital allowances	(35,409)	(37,565)
Staff bonus provision timing differences	34,717	-
Movement in deferred tax provisions	(3,881)	47,393
Taxation credit for the year	(112,799)	(126,747)

11 Property, plant and equipment

	Fixtures and fittings £	Computers £	Total £
Cost			
At 31 December 2017	265,059	4,547,043	4,812,102
Additions	73,897	212,454	286,351
Additions - transfers from other group companies	-	42,125	42,125
At 31 December 2018	338,956	4,801,622	5,140,578
Accumulated depreciation			
At 31 December 2017	259,725	4,151,692	4,411,417
Charge for the year	18,094	252,778	270,872
Depreciation on assets transfers from other group companies	-	39,679	39,679
At 31 December 2018	277,819	4,444,149	4,721,968
Carrying amount			
At 31 December 2018	61,137	357,473	418,610
At 31 December 2017	5,334	395,351	400,685

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 & 31 December 2018	1
Carrying amount	
At 31 December 2018	1
At 31 December 2017	1

Subsidiaries

The company owns 100% of the issued share capital of Health Directions Limited, a dormant company.

The registered office of Health Directions Limited is The Bread Factory, 1A Broughton Street, Battersea, London, United Kingdom, SW8 3QJ.

The company's maximum exposure to loss from its interest in Health Directions Limited is £1 (2017 - £1).

13 Inventories	2018 £	2017 £
Computer components held for resale	32,878	50,134

The replacement cost of stock is not considered materially different from cost.

14 Trade and other receivables

	2018 £	2017 £
Trade receivables	1,299,946	2,097,208
Other receivables	20,892	10,674
Amounts due from fellow group undertakings	14,396,325	11,889,843
Prepayments and accrued income	417,620	453,043
	16,134,783	14,450,768

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Trade and other payables

	2018 £	2017 £
Trade payables	909,117	990,041
Amounts due to fellow group undertakings	19,097	-
Accruals and deferred income	2,746,447	3,279,514
Other payables	51,245	47,197
	<u>3,725,906</u>	<u>4,316,752</u>

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Other timing differences £	Total £
Deferred tax asset at 1 January 2017	(204,271)	-	(204,271)
Deferred tax movements in prior year			
Credit to profit or loss	47,393	-	47,393
Deferred tax asset at 1 January 2018	(156,878)	-	(156,878)
Deferred tax movements in current year			
Credit to profit or loss	27,181	(31,062)	(3,881)
Deferred tax asset at 31 December 2018	<u>(129,697)</u>	<u>(31,062)</u>	<u>(160,759)</u>

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £261,320 (2017 - £196,161).

18 Share capital

	2018 £	2017 £
Ordinary share capital		
<i>Issued and fully paid</i>		
5,013,900 ordinary shares of 1p each.	<u>50,139</u>	<u>50,139</u>

The company's authorised share capital is £51,000 divided into 5,100,000 ordinary shares of 1p each.

CEGEDIM RX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Operating lease commitments

The operating leases relate to the rental offices and company cars. There are no arrangements for contingent rent, renewal options, purchase options, escalation clauses or imposed restrictions on any of the lease agreements.

The company has also entered into various vehicle leases. These leases have a duration of between 3 and 5 years. There are no restrictions placed upon the lessee by entering into these leases.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Land and buildings		
Within one year	127,500	127,500
Between two and five years	57,637	-
Other		
Within one year	38,373	51,516
Between two and five years	49,266	66,273
	<u>272,776</u>	<u>245,289</u>

20 Controlling party

The company's ultimate parent company, and the parent company of the smallest and largest group to include the company in its consolidated financial statements is Cegedim SA, a company registered in France and listed on the Paris stock exchange.

Financial statements of Cegedim SA are available from: 127 - 137 rue d'Aguesseau 92100 Boulogne-Billancourt, France.

The ultimate controlling party is Mr Jean-Claude Labrune, by virtue of his effective control of the ultimate parent company Cegedim SA.