Independent Auditor's Report to the Members of UDG Healthcare plc

Opinion

We have audited the financial statements of UDG Healthcare plc ('the Company') and its subsidiaries ('the Group') for the year ended 30 September 2019, which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Group Balance Sheet, Group Cash Flow Statement, the Company Statement of Comprehensive Income, the Company Statement of Changes in Equity, the Company Balance Sheet, the Company Cash Flow Statement and the Notes forming part of the Group and Company Financial Statements, including the Significant Accounting Policies set out in Note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 30 September 2019 and of its profit for the year then ended;
- the Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2019;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland')) 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 Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Overview of our audit approach

Key audit matters	• Assessment of the carrying value of goodwill • Revenue recognition
Audit scope	• We performed an audit of the complete financial information of 13 (2018: 11) components and audit procedures on specific balances for a further 45 (2018: 44) components. • The components where we performed full or specific audit procedures accounted for 90% (2018: 85%) of Group Profit before tax before non-recurring exceptional items, 95% (2018: 87%) of Revenue and 97% (2018: 96%) of Total assets.
Materiality	• Overall Group materiality of $4.85 million which represents 5% of Group Profit before tax before non-recurring exceptional items. In our prior year audit, we adopted a materiality of $5.3 million based on 5% of Profit before tax before exceptional items.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no changes in key audit matters from our prior year auditor's report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Assessment of the carrying value of goodwill (2019: $547.5 million, 2018: $516.0 million) Refer to the Audit Committee Report (page 75); Accounting policies (page 115); and Note 13 of the Group Financial Statements (page 137). The impairment review of goodwill, with a carrying value of $547.5 million, is considered to be a risk area due to the size of the balance as well as the fact that it involves significant judgement by management. Judgemental aspects include assumptions of future profitability, revenue growth, margins, and the selection of appropriate discount rates, all of which may be subject to management override.	Our team included valuations specialists who performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates. We challenged the determination of the Group's eight cash-generating units (CGUs), and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over the carrying amount in each CGU. For all CGUs selected for detailed testing, we corroborated key assumptions in the models, in particular growth rates, which we compared against historic rates achieved and external analyst forecasts. We performed a sensitivity analysis on the discount rate and the long term growth rate, to assess the level of excess of value-in-use over the carrying value in place for each CGU based on reasonably possible movements in such assumptions. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities, focusing in particular on the additional disclosures provided in respect of the Ashfield Commercial & Clinical UK CGU which was identified as being sensitive to changes in key assumptions.	Our observations included the headroom level by CGU and movements in headroom over the prior year, the results of our sensitivity analysis, and an analysis of the five year forecast EBIT growth rate when viewed against the prior year impairment model and the current year actual growth.
Revenue recognition (2019: $1,298.5 million, 2018: $1,315.2 million) Refer to the Audit Committee Report (page 75); Accounting policies (page 115); and Notes 3 and 34 of the Group Financial Statements (pages 126 and 166 respectively). The Group generates revenue from a variety of geographies and across a large number of separate legal entities spread across the Group's segments. Revenue may be recorded in an incorrect period or on a basis that is inconsistent with the contractual terms agreed with customers. Certain of the Group's revenue streams involve the exercise of judgement, in particular the determination of stage of completion of individual contracts where their duration spans accounting periods. In addition, the Group must assess whether it acts as agent or principal in transactions and accordingly whether revenue should be recorded on a gross or net basis, including the treatment of any rebates received. These judgements are important, given the significance of revenue as both a growth measure and a key determinant of profit in each period. The Group adopted IFRS 15 *Revenue from Contracts with Customers* on 1 October 2018.	We performed procedures on revenue at all in-scope locations, as outlined in further detail in the 'Tailoring the scope' section below. Detailed transactional testing of revenue recognised throughout the year was performed, commensurate with the higher audit risk assigned to revenue. Dependent on the nature of the revenue recognised at each location, we examined supporting documentation including customer contracts, statements of works or purchase orders, sales invoices, and cash receipts. In addition, we performed cut-off procedures, revenue journal testing and customer balance confirmations. In some locations data analytics procedures were also performed. Particular focus was applied at those locations where revenue is recognised over time under a stage of completion methodology or where agent versus principal considerations apply. In these circumstances we applied professional scepticism when assessing the judgements made by management. We examined the additional revenue disclosures under IFRS 15 as set out in Note 3 of the Group Financial Statements, as well as the disclosures related to the Group's adoption of IFRS 15, as set out in Note 34.	Our observations included an outline of the range of audit procedures performed, the key judgements involved, the principal considerations arising from IFRS 15 adoption and the results of our testing. We also provided our assessment of where we believe the Group's revenue recognition practices lie within a range of acceptable outcomes, and the level of subjectivity involved in revenue related estimates.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $4.85 million, which is approximately 5% of Profit before tax before non-recurring exceptional items. In our prior year audit, we adopted a materiality of $5.3 million based on 5% of Profit before tax before exceptional items. Profit before tax before exceptional items is a key performance indicator for the Group and is also a key metric used by the Group in the assessment of the performance of management. We therefore considered Profit before tax before exceptional items, adjusted for recurring items, to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

During the course of our audit, we reassessed initial materiality and amended it to reflect the actual reported performance of the Group in the year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely $2.43 million. We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $1.38 million to $0.55 million.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $243,000, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Group financial statements.

In determining those components in the Group at which we perform audit procedures, we utilised size and risk criteria in accordance with International Standards on Auditing (Ireland).

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 149 (2018: 158) reporting components of the Group, we selected 58 (2018: 55) components covering entities within Austria, Belgium, Canada, Germany, Japan, the Netherlands, Portugal, Spain, Turkey, the U.K. and the U.S., which represent the principal business units within the Group.

Of the 58 (2018: 55) components selected, we performed an audit of the complete financial information of 13 (2018: 11) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 45 (2018: 44) components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

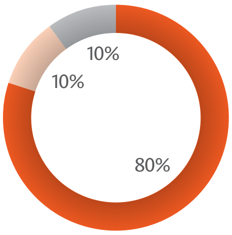
The reporting components where we performed audit procedures accounted for 90% (2018: 85%) of the Group's Profit before tax before non-recurring exceptional items, 95% (2018: 87%) of the Group's Revenue and 97% (2018: 96%) of the Group's Total assets. For the current year, the full scope components contributed 80% (2018: 80%) of the Group's Profit before tax before non-recurring exceptional items, 72% (2018: 65%) of the Group's Revenue and 42% (2018: 43%) of the Group's Total assets. The specific scope component contributed 10% (2018:

5%) of the Group's Profit before tax before non-recurring exceptional items, 23% (2018: 22%) of the Group's Revenue and 55% (2018: 53%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 91 (2018: 103) components that together represent 10% (2018: 15%) of the Group's Profit before tax before non-recurring exceptional items, none are individually greater than 2% (2018: 6%) of the Group's Profit before tax before non-recurring exceptional items. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations, and foreign currency translation recalculations to respond to any potential risks of material misstatement to the financial statements.

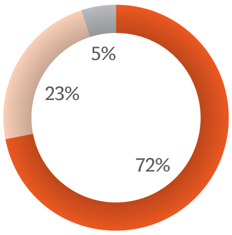
The charts below illustrate the coverage obtained from the work performed by our audit teams.

PBT before exceptional items



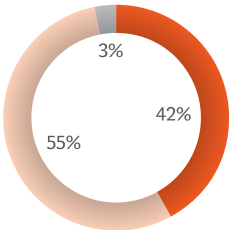
- Full
- Specific
- Other

Revenue



- Full
- Specific
- Other

Total assets



- Full
- Specific
- Other

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 13 (2018: 11) full scope components, audit procedures were performed on 1 (2018: 1) of these directly by the primary audit team and on 12 (2018: 10) by component audit teams. For the 47 (2018: 43) full scope and specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team completed a programme of planned visits which has been designed to ensure that senior members of the Group audit team, including the Audit Engagement Partner, visit a number of overseas locations each year. During the current year's audit cycle, visits were undertaken to the component teams in the U.S. and Germany. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and attending planning and closing meetings. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers as deemed necessary and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 48 to 51 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 47 in the annual report that they have carried out a robust assessment of the principal risks facing the Group and the parent company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 47 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and the directors' identification of any material uncertainties to the Group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 47 in the annual report as to how they have assessed the prospects of the Group and the parent company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other information

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee or is materially inconsistent with our knowledge obtained in the audit; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.6 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report, is consistent with the financial statements; and
- in our opinion, the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report, has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 102, 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the parent 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 management either intends to liquidate the Company or to cease operations, or has 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 (Ireland) 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.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance with agencies such as the US Food and Drug Administration.
- We understood how UDG Healthcare plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of the Group's Compliance Policy, board minutes, papers provided to the audit committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the audit committee on compliance with regulations, enquiries of internal general counsel and management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee following the AGM held on 7 February 2017 to audit the financial statements for the year ending 30 September 2017 and subsequent financial periods. This is our third year of engagement.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or Company and we remain independent of the Group and Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Breffni Maguire
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm
Dublin
2 December 2019

Group Income Statement
for the year ended 30 September 2019

	Note	2019 Pre-exceptional items $'000	2019 Exceptional items (Note 9) $'000	2019 Total $'000	2018 Pre-exceptional items $'000	2018 Exceptional items (Note 9) $'000	2018 Total $'000
Revenue	3	1,298,523	–	1,298,523	1,315,186	–	1,315,186
Cost of sales		(920,010)	(7,372)	(927,382)	(927,877)	(5,706)	(933,583)
Gross profit		378,513	(7,372)	371,141	387,309	(5,706)	381,603
Selling and distribution expenses		(193,856)	–	(193,856)	(217,475)	(11,042)	(228,517)
Administrative expenses		(21,840)	(1,050)	(22,890)	(17,250)	(1,214)	(18,464)
Other operating expenses		(40,414)	(33,631)	(74,045)	(37,037)	(99,550)	(136,587)
Other operating income		–	–	–	–	8,882	8,882
Transaction costs	29	(2,136)	–	(2,136)	(2,374)	–	(2,374)
Share of joint ventures' profit after tax	15	50	–	50	958	–	958
Operating profit	5	120,317	(42,053)	78,264	114,131	(108,630)	5,501
Finance income	6	16,171	4,143	20,314	5,235	11,576	16,811
Finance expense	6	(24,301)	–	(24,301)	(13,926)	–	(13,926)
Profit before tax		112,187	(37,910)	74,277	105,440	(97,054)	8,386
Income tax expense	8	(20,951)	4,165	(16,786)	(15,792)	11,263	(4,529)
Profit for the financial year		91,236	(33,745)	57,491	89,648	(85,791)	3,857
Profit attributable to:							
Owners of the parent		91,196	(33,745)	57,451	89,586	(85,791)	3,795
Non-controlling interests	23	40	–	40	62	–	62
		91,236	(33,745)	57,491	89,648	(85,791)	3,857
Earnings per share							
Basic earnings per share – cent	11			23.06c			1.53c
Diluted earnings per share – cent	11			22.92c			1.52c

Group Statement of Comprehensive Income
for the year ended 30 September 2019

	Note		2019 $'000		2018 $'000
Profit for the financial year			**57,491**		3,857
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement (loss)/gain on Group defined benefit schemes	30		**(3,905)**		2,422
Deferred tax on Group defined benefit schemes:	28				
– Pre-exceptional item		**846**		(187)	
– Exceptional item		**–**		408	
			846		221
			(3,059)		2,643
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment			**(16,675)**		(5,466)
Reclassification on loss of control of subsidiary undertakings	21		**–**		33,383
Group cash flow hedges:					
– Effective portion of cash flow hedges – movement into reserve		**21,637**		(433)	
– Effective portion of cash flow hedges – movement out of reserve		**(12,414)**		(3,032)	
Effective portion of cash flow hedges:	21		**9,223**		(3,465)
– Movement in deferred tax – movement into reserve		**(2,704)**		54	
– Movement in deferred tax – movement out of reserve		**1,551**		379	
Net movement in deferred tax	28		**(1,153)**		433
			(8,605)		24,885
Total other comprehensive (expense)/income			**(11,664)**		27,528
Total comprehensive income for the financial year			**45,827**		31,385
Total comprehensive income attributable to:					
Owners of the parent			**45,791**		31,323
Non-controlling interests			**36**		62
			45,827		31,385

Group Statement of Changes in Equity
for the year ended 30 September 2019

	Equity share capital $'000	Share premium $'000	Other reserves (Note 21) $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 October 2018	**14,643**	**197,837**	**(135,955)**	**808,647**	**885,172**	**171**	**885,343**
Change in accounting policy (Note 34)	**–**	**–**	**–**	**3,822**	**3,822**	**–**	**3,822**
Restated total equity at the beginning of the financial year	**14,643**	**197,837**	**(135,955)**	**812,469**	**888,994**	**171**	**889,165**
Profit for the financial year	**–**	**–**	**–**	**57,451**	**57,451**	**40**	**57,491**
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	**–**	**–**	**9,223**	**–**	**9,223**	**–**	**9,223**
Deferred tax on cash flow hedges	**–**	**–**	**(1,153)**	**–**	**(1,153)**	**–**	**(1,153)**
Translation adjustment	**–**	**–**	**(16,671)**	**–**	**(16,671)**	**(4)**	**(16,675)**
Remeasurement loss on defined benefit schemes	**–**	**–**	**–**	**(3,905)**	**(3,905)**	**–**	**(3,905)**
Deferred tax on defined benefit schemes	**–**	**–**	**–**	**846**	**846**	**–**	**846**
Total comprehensive (expense)/income for the year	**–**	**–**	**(8,601)**	**54,392**	**45,791**	**36**	**45,827**
Transactions with shareholders:							
New shares issued	**35**	**1,141**	**–**	**–**	**1,176**	**–**	**1,176**
Share-based payment expense	**–**	**–**	**4,720**	**–**	**4,720**	**–**	**4,720**
Dividends paid to equity holders	**–**	**–**	**–**	**(40,325)**	**(40,325)**	**–**	**(40,325)**
Release from share-based payment reserve	**–**	**–**	**(2,923)**	**2,923**	**–**	**–**	**–**
At 30 September 2019	**14,678**	**198,978**	**(142,759)**	**829,459**	**900,356**	**207**	**900,563**

for the year ended 30 September 2018

	Equity share capital $'000	Share premium $'000	Other reserves (Note 21) $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 October 2017	14,620	196,496	(166,656)	836,087	880,547	109	880,656
Profit for the financial year	–	–	–	3,795	3,795	62	3,857
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	–	–	(3,465)	–	(3,465)	–	(3,465)
Deferred tax on cash flow hedges	–	–	433	–	433	–	433
Translation adjustment	–	–	(5,466)	–	(5,466)	–	(5,466)
Reclassification on loss of control of subsidiary undertakings	–	–	33,383	–	33,383	–	33,383
Remeasurement gain on defined benefit schemes	–	–	–	2,422	2,422	–	2,422
Deferred tax on defined benefit schemes	–	–	–	221	221	–	221
Total comprehensive income for the year	–	–	24,885	6,438	31,323	62	31,385
Transactions with shareholders:							
New shares issued	23	1,341	–	–	1,364	–	1,364
Share-based payment expense	–	–	6,643	–	6,643	–	6,643
Dividends paid to equity holders	–	–	–	(34,705)	(34,705)	–	(34,705)
Release from share-based payment reserve	–	–	(827)	827	–	–	–
At 30 September 2018	14,643	197,837	(135,955)	808,647	885,172	171	885,343

Group Balance Sheet
as at 30 September 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Non-current			
Property, plant and equipment	12	**176,305**	179,593
Goodwill	13	**547,520**	515,954
Intangible assets	14	**241,615**	241,538
Investment in joint ventures	15	**10,216**	9,729
Contract fulfilment assets	3	**5,327**	–
Derivative financial instruments	31	**15,395**	330
Deferred income tax assets	28	**5,178**	5,272
Employee benefits	30	**7,636**	12,935
Total non-current assets		**1,009,192**	965,351
Current			
Inventories	16	**25,253**	31,248
Trade and other receivables	17	**370,350**	347,192
Contract fulfilment assets	3	**5,315**	–
Cash and cash equivalents		**135,228**	180,099
Current income tax assets		**4,385**	793
Derivative financial instruments	31	**8,878**	2,474
Total current assets		**549,409**	561,806
Total assets		**1,558,601**	1,527,157
EQUITY			
Equity share capital	18	**14,678**	14,643
Share premium	20	**198,978**	197,837
Other reserves	21	**(142,759)**	(135,955)
Retained earnings	22	**829,459**	808,647
Equity attributable to owners of the parent		**900,356**	885,172
Non-controlling interests	23	**207**	171
Total equity		**900,563**	885,343
LIABILITIES			
Non-current			
Interest-bearing loans and borrowings	24	**174,734**	243,099
Other payables	25	**23,853**	5,451
Provisions	26	**74,193**	68,900
Deferred income tax liabilities	28	**39,263**	45,225
Derivative financial instruments	31	**–**	319
Total non-current liabilities		**312,043**	362,994
Current			
Interest-bearing loans and borrowings	24	**65,297**	272
Trade and other payables	25	**246,685**	225,526
Current income tax liabilities		**14,380**	13,477
Provisions	26	**19,633**	39,545
Total current liabilities		**345,995**	278,820
Total liabilities		**658,038**	641,814
Total equity and liabilities		**1,558,601**	1,527,157

On behalf of the Board

P. Gray
Director

B. McAtamney
Director

Group Cash Flow Statement
for the year ended 30 September 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit before tax		**74,277**	8,386
Finance income	6	**(16,171)**	(5,235)
Finance expense	6	**24,301**	13,926
Exceptional items	9	**37,910**	97,054
Operating profit		**120,317**	114,131
Share of joint ventures' profit after tax	15	**(50)**	(958)
Transaction costs		**2,136**	2,374
Depreciation charge	12	**23,130**	24,477
Profit on disposal of property, plant and equipment		**(571)**	(340)
Amortisation of intangible assets	14	**40,414**	37,037
Share-based payment expense	30	**4,400**	5,069
Increase in contract fulfilment assets		**(3,786)**	–
(Increase)/decrease in inventories		**(6,989)**	4,529
Increase in trade and other receivables		**(5,814)**	(53,361)
Increase/(decrease) in trade payables, provisions and other payables		**23,105**	(1,518)
Exceptional items (paid)/received		**(29,267)**	4,228
Transaction costs paid		**(2,534)**	(5,363)
Cash generated from operations		**164,491**	130,305
Interest paid		**(9,910)**	(9,682)
Income taxes paid		**(25,329)**	(18,107)
Net cash inflow from operating activities		**129,252**	102,516
Cash flows from investing activities			
Interest received		**2,209**	1,662
Purchase of property, plant and equipment		**(27,016)**	(39,580)
Proceeds from disposal of property, plant and equipment		**852**	986
Investment in intangible assets – computer software		**(12,475)**	(21,047)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	29	**(69,078)**	(33,479)
Deferred consideration paid		**(24,333)**	–
Deferred contingent consideration paid	26	**(812)**	(5,911)
Disposal of subsidiary undertakings (net of cash and cash equivalents disposed)		**–**	21,046
Net cash outflow from investing activities		**(130,653)**	(76,323)
Cash flows from financing activities			
Proceeds from issue of shares (including share premium thereon)		**1,176**	1,364
Repayments of interest-bearing loans and borrowings	31	**(1,859)**	(2,118)
Proceeds from interest-bearing loans and borrowings	31	**1,928**	2,507
Repayment of finance leases	31	**(5)**	(111)
Dividends paid to equity holders of the company		**(40,325)**	(34,705)
Net cash outflow from financing activities		**(39,085)**	(33,063)
Net decrease in cash and cash equivalents		**(40,486)**	(6,870)
Translation adjustment		**(4,385)**	(500)
Cash and cash equivalents at beginning of year		**180,099**	187,469
Cash and cash equivalents at end of year		**135,228**	180,099
Cash and cash equivalents is comprised of:			
Cash at bank and short-term deposits		**135,228**	180,099

Notes forming part of the Group Financial Statements

1. Significant Accounting Policies

General Information

UDG Healthcare plc (the 'Company') and its subsidiaries (together the 'Group') delivers advisory, communications, commercial, clinical and packaging services to the healthcare industry. The Company is a public limited company whose shares are publicly traded. It is incorporated and domiciled in Ireland. The Company's registered number is 12244. The address of its registered office is 20 Riverwalk, Citywest Business Campus, Citywest, Dublin 24, Ireland.

The accounting policies applied in the preparation of the financial statements for the year ended 30 September 2019 are set out below.

Statement of Compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). The consolidated financial statements are also prepared in compliance with the Companies Act 2014 and Article 4 of the E.U. IAS Regulation. References to IFRS hereafter refer to IFRS adopted by the EU. The individual financial statements of the company (company financial statements) have been prepared in accordance with IFRS as adopted by the E.U. and as applied in accordance with the Companies Act 2014. In accordance with Section 304 of the Companies Act 2014, the Company has availed of the exemption from presenting its individual profit and loss account to the AGM and from filing it with the Registrar of Companies (Note 19).

Basis of Preparation

The Consolidated financial statements are presented in U.S. dollars ($), rounded to the nearest thousand ($'000), and are prepared on a going concern basis. The company financial statements are presented in euro (€), rounded to the nearest thousand (€'000), and are prepared on a going concern basis. The consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured at fair value: share-based payments, defined benefit pension plan assets and certain financial assets and liabilities including derivative financial instruments.

The preparation of financial statements in accordance with IFRS as adopted by the E.U. requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement and areas where assumptions and estimates are significant in relation to the Consolidated financial statements are discussed in the significant accounting judgements and estimates note (Note 2).

The parent company's financial statements included on pages 172 to 180 are prepared using accounting policies which are consistent with the accounting policies applied to the consolidated financial statements by the Group. The accounting policies are set out below and they have also been applied consistently by all of the Group's subsidiaries and joint ventures to all years presented in these financial statements.

Basis of Consolidation

The Group's financial statements include the financial statements of the company and all of its subsidiaries and the Group's interest in joint ventures using the equity method of accounting.

New and Amended Standards and Interpretations Effective in the Year

The Group adopted the following amendments to IFRS with effect from 1 October 2018:

- IFRS 9, 'Financial Instruments';
- IFRS 15, 'Revenue from Contracts with Customers';
- Amendments to IFRS 2, 'Share based payments' – Classification and measurement;
- Amendments to IAS 40, 'Investment property' – Transfer of property;
- IFRIC 22, 'Foreign currency transactions and advance consideration'; and
- Annual improvements to IFRS standards 2014 – 2016 cycle.

The impacts of adopting IFRS 9 and IFRS 15 are described further in Note 34. Other amendments to IFRS that became effective in the period did not have a material effect on the Group accounting policies and the Group or Company financial statements.

Standards and Interpretations Issued and Amended but Not Yet Effective or Early Adopted

IFRS 16 Leases (E.U. Endorsed)

IFRS 16 is effective for the Group for the financial year beginning 1 October 2019 and is expected to have a material impact on the consolidated financial statements. Further details regarding the expected impact of adopting this standard are outlined in Note 35.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the Consolidated financial statements or they are not currently relevant for the Group.

1. Significant Accounting Policies (continued)

Accounting for Subsidiaries, Joint Ventures and Associates

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to effect these returns through its power over the investee. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases.

Intragroup balances and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the Group financial statements. Unrealised gains arising from transactions with equity accounted joint ventures are eliminated against the investment to the extent of the Group's interest. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

Joint ventures are those entities where the rights are to share in the net assets and over whose activities the Group has joint control, established by contractual arrangement and requiring unanimous consent for strategic, financial and operational decisions. An associate is an enterprise over which the Group has significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Joint ventures and associates are included in the financial statements using the equity method of accounting, from the date that joint control and significant influence commence, until the date that joint control and significant influence cease. The Income Statement reflects in operating profit, the Group's share of profit after tax of its joint ventures in accordance with IFRS 11 Joint Arrangements. The Group's interest in its net assets is included as investment in joint ventures in the Balance Sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post-acquisition retained profits or losses and other comprehensive income less dividends received from the joint ventures and goodwill arising on the investment and intercompany transactions that are eliminated.

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with completed business combinations are expensed as incurred.

Any deferred contingent consideration payable is measured at fair value at the acquisition date. If the deferred contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the deferred contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Investment in Subsidiary Undertakings

Investment in subsidiaries in the Company Financial Statements are stated at cost less any accumulated impairment and are reviewed for impairment if there are any indicators that the carrying value may not be recoverable.

Intangible Assets – Acquired

Intangible assets that are acquired by the Group in a business combination are stated at cost less accumulated amortisation and impairment losses, when separable or arising from contractual or other legal rights and when they can be measured reliably.

Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised over the following range of periods:

Customer relationships	6–15 years
Trade names	2–15 years
Technology	3–10 years
Contract-based	6 months–1 year (contractual terms)

Intangible Assets – Computer Software

Computer software, including computer software which is not an integrated part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and any other directly attributable costs.

Computer software is recognised if it meets the following criteria:
- An asset can be separately identified;
- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably;
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met. Computer software is amortised over its expected useful life, which ranges from three to ten years, by charging equal instalments to the Income Statement from the date the assets are ready for use.

Property, Plant and Equipment

Property, plant and equipment is reported at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated, on a straight-line basis on cost less estimated residual value, to write property, plant and equipment off over their anticipated useful lives using the following annual rates:

Land and buildings:	
– Freehold land	not depreciated
– Freehold buildings	2–7%
Plant and equipment	10–20%
Computer equipment	20–33%
Motor vehicles	20%
Assets under construction	not depreciated

The residual value of assets, if not insignificant, and the useful life of assets are reassessed annually. Gains and losses on disposals are determined by comparing the consideration received with the carrying amount at the date of disposal and are included in operating profit.

Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. These assets are shown in the Balance Sheet at the lower of their carrying amount and fair value less any disposal costs. Impairment losses on initial classification as assets held for sale and subsequent gains or losses on remeasurement are recognised in the Income Statement.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

1. Significant Accounting Policies (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries, and it represents the excess of the consideration transferred for the acquisition, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets and liabilities acquired. When the fair value of the identifiable assets and liabilities acquired exceeds the cost of the acquisition, the values are reassessed and any remaining gain is recognised immediately in the Income Statement. Goodwill is subsequently carried at cost less accumulated impairment losses. Goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the combination's synergies. This is the lowest level at which goodwill is monitored for internal management purposes.

Goodwill is subject to impairment testing on an annual basis, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs of disposal. Any impairment is recognised immediately as an expense in the Income Statement and is not subsequently reversed.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill disposed of on a partial disposal of a CGU is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories (which are carried at the lower of cost and net realisable value) and deferred tax assets (which are recognised based on recoverability), are reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, then the asset is tested for impairment.

The recoverable amount of a non-financial asset or CGU is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets (the CGU). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

All impairment losses are recognised in the Income Statement.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Leases

Leases of property, plant and equipment, where the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is based on the first in, first out principle and includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand in the ordinary course of business less all costs expected to be incurred in marketing, selling and distribution.

Foreign Currency
Transactions in foreign currencies are translated into the functional currency of the related entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are measured based on historical cost are not subsequently re-translated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date fair value was determined. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement, except for qualifying cash flow hedges and a financial liability designated as a hedge of the net investment in a foreign operation, which are recognised directly in Other Comprehensive Income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to U.S. dollars at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to U.S. dollars at the average exchange rate for the financial period. Foreign exchange differences arising on translation of foreign operations, including those arising on long-term intra-Group loans deemed to be quasi-equity in nature, are recognised in Other Comprehensive Income and accumulated in the foreign exchange reserve within Equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Hedge of Net Investment in Foreign Operation
Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Other Comprehensive Income to the extent that the hedge is effective and are presented within Equity in the foreign exchange translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Financial Guarantee Contracts
Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other parties, the Group considers these to be insurance arrangements and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

Revenue Recognition
Revenue is recognised for identified contracts with customers. The Group's revenue is derived from providing expert outsourcing services to healthcare companies through contract packaging services in the Sharp division, commercial and clinical outsourced services in Ashfield, and advisory and communications services in Ashfield. Revenue comprises the fair value of the consideration receivable for goods and services sold to third party customers in the ordinary course of business. It excludes sales-based taxes and is net of allowances for volume-based rebates and early settlement discounts.

It is the Group's policy and customary business practice to receive a valid order from the customer in which each parties' rights and payment terms are established. The Group assesses revenue contracts to determine the transaction price and performance obligations to be delivered to customers under contract. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling price. The Group's contracts with customers generally include a single performance obligation and do not contain multiple performance obligations or bundled pricing arrangements.

If the consideration in a revenue contract includes a variable amount (including volume rebates), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Accumulated experience is used to estimate and provide for discounts and rebates, using the most likely amount estimation method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. In some of the Group's revenue contracts, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

1. Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Group recognises revenue as the amount of the transaction price expected to be received for goods and services supplied at a point in time or over time as the contractual performance obligations are satisfied and control passes to the customer. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Where the contractual performance obligations are satisfied over time and revenue is recognised over time, the Group recognises revenue by reference to the estimated stage of completion of the performance obligations. The primary method of estimating stage of completion of over time revenue contracts is the input method of cost incurred to date over the estimated total cost to complete the revenue contract. Estimates of revenues, costs and stage of completion during the performance of a contract are revised where circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Where performance obligations are satisfied at a point in time, revenue is recognised when the risks and rewards of ownership have transferred to the customer. This is at the point where the product is delivered to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

In certain of the Group's contracts where another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. In circumstances where the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and revenue is recognised at the net amount that it retains for its agency services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services disclosed in Note 3.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2. The following contract balances relate to revenue recognition.

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are presented within trade and other receivables on the Group Balance Sheet. Amounts previously classified as accrued income are now classified as contract assets.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Contract liabilities are presented within trade and other payables on the Group Balance Sheet. Amounts previously classified as deferred income are now classified as contract liabilities.

Contract fulfilment assets: For certain contracts, the Group incurs costs necessary to fulfil obligations under a contract once it is obtained but before transferring goods or services to the customer. Costs to fulfil a contract are recognised on the Group Balance Sheet where the costs relate directly to a contract, generate or enhance Group resources that will be used in satisfying future performance obligations, and the costs are expected to be recovered. Contract fulfilment assets are amortised to cost of sales on a systematic basis, consistent with the pattern of transfer of the goods or services to which the asset relates.

Accounting policy applied before 1 October 2018

Revenue represents the fair value of consideration received or receivable (net of returns, trade discounts and rebates) for products and services provided in the course of ordinary activity to third party clients in the financial reporting period. The fair value of sales is exclusive of value added tax and after allowances for discounts and is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer, the consideration can be measured reliably and it is probable that the economic benefits will flow to the Group. Discounts granted to clients are recognised as a reduction in sales revenue at the time of the sale based on management's estimate of the likely discount to be awarded to clients.

Revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the related contract or fully when no further obligations exist on the related service contract. Where the outcome of the contract can be measured reliably, stage of completion is measured by reference to services completed to date as a percentage of total services to be performed. Where services are to be performed rateably over a period of time, revenue is recognised on a straight-line basis over the period of the contract. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

Exceptional Items

The Group has applied an income statement format which seeks to highlight significant items within Group results for the year. Such items may include significant restructuring and onerous lease provisions, fair value movements in contingent consideration, profit or loss on disposal or termination of operations, litigation costs and settlements, termination benefits including settlement of share-based payments, profit or loss on disposal of investments and impairment of assets. The Group exercises judgement in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the Income Statement and related notes as exceptional items. The Group believes that such a presentation provides a more helpful analysis as it highlights material items of a non-recurring nature.

Finance Income and Expense

Finance income comprises interest income on funds invested, changes in the fair value of financial assets measured at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest rate method.

Employee Benefits

Pension Obligations

A defined contribution pension plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

A defined benefit plan is a post-employment plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense/(income) on the net benefit liability/(asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the year as a result of contributions and benefit payments. The discount rate applied is the yield at the balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Performance-Related Incentive Plans

The Group recognises the present value of a liability for short-term employee benefits, including costs associated with performance-related incentive plans, in the Income Statement when an employee has rendered service in exchange for these benefits and a constructive obligation to pay those benefits arises.

Share-based Payment Transactions

The Group operates a Long-Term Incentive Plan and share option scheme which allow executive directors and employees acquire shares in the Company. All schemes are equity settled arrangements under IFRS 2 Share-based Payments.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market-based vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1. Significant Accounting Policies (continued)

Income Tax Expense

Income tax expense for the year comprises current and deferred tax. Taxation is recognised in the Income Statement except to the extent that it relates to items recognised directly in Equity or Other Comprehensive Income, in which case the related tax is recognised directly in Equity or Other Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

If the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting nor taxable profit or loss, it is not recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same tax entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) who is responsible for allocating resources and assessing performance of the operating segments. Following the disposal of Aquilant in 2018, the Group has determined that it has two reportable operating segments: Ashfield and Sharp.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits, including bank deposits of less than six months' maturity from the commencement date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Group and Company Cash Flow Statements.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

The Group recognises a provision for impairment for trade receivables by applying the simplified approach permitted by IFRS 9 to apply a lifetime expected credit loss provision for trade receivables. Impairment losses on trade and other receivables are recognised in profit or loss. The approach to measuring the provision for impairment of trade receivables is outlined in Note 17.

Accounting policy applied before 1 October 2018

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Group Income Statement.

Financial Instruments

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial instruments are recognised when the Group becomes a party to the contractual provisions. Financial assets and financial liabilities are initially recognised at fair value. For financial instruments that are not measured at fair value through profit or loss, transaction costs are included in the initial measurement of the financial asset or financial liability.

Financial assets are classified as measured at:
- Amortised cost;
- Fair value through profit or loss (P&L); or
- Fair value through other comprehensive income (OCI).

Financial assets are classified based on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are only reclassified between categories where there has been a change in the business model for managing those assets. Financial assets are derecognised when the Group's contractual rights to cash flows from the financial assets are extinguished, expire or transfer to a third party.

Financial liabilities are classified as measured at:
- Amortised cost; or
- Fair value through P&L.

Financial liabilities are derecognised when the Group's obligations in the contracts are discharged, expire or are terminated. Where a financial liability is modified such that the cash flows of the modified liability are substantially different, the existing financial liability is derecognised and a new financial liability based on the modified terms is recognised at fair value. On recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement, except where derivatives qualify for hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged, as set out below.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Cash Flow Hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of changes in the fair value of the derivative financial instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve. When the forecasted transaction results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from Equity and included in the initial cost or other carrying amount of the non-financial asset or liability. In other cases, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged item affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Income Statement.

When a hedging instrument expires, is sold, terminated, exercised or the entity revokes the designation of the hedge relationship but the forecasted hedged transaction is still expected to occur, then hedge accounting is ceased prospectively and the cumulative gain or loss at that point remains in Equity. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in Equity is reclassified immediately to the Income Statement.

Fair Value Hedges

Where a derivative financial instrument is designated as a hedge of a change in the fair value of an asset or liability, gains or losses arising from the remeasurement of the hedging instrument to fair value are reported in the Income Statement. In addition, any changes in the fair value of the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the Income Statement with the objective of achieving full amortisation by maturity.

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Non-derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are initially recognised at fair value and subsequently measured at amortised cost.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire, are discharged or cancelled.

Interest-bearing Loans and Borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings, other than those accounted for under the fair value hedging model outlined above, are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis. Effective interest rate is calculated by taking into account any issue costs and any expected discount or premium on settlement.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation which can be measured reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

2. Significant Accounting Estimates and Judgements

Revenue recognition (Note 3)

Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Determining the stage of completion of contracts to recognise revenue involves estimation techniques, particularly where the contract duration spans accounting periods. The Group estimates stage of completion for fixed price contracts using stage of completion input methods of cost incurred to date as a proportion of the expected overall cost and effort to complete the performance obligations. The amount of in-progress and unbilled revenue as at 30 September 2019 is represented by the contract assets (accrued income) disclosed in Note 3. The weighted average estimated stage of completion of revenue contracts represented by contract assets and a sensitivity analysis of changes in weighted average stage of completion are outlined in Note 3.

As outlined in the accounting policy in Note 1, the Group capitalises certain costs to fulfil a contract with a customer where the costs relate directly to a contract, generate or enhance Group resources that will be used in satisfying future performance obligations, and the costs are expected to be recovered. Contract fulfilment assets are amortised to cost of sales on a systematic basis, consistent with the pattern of transfer of the goods or services to which the asset relates. The carrying value of contract fulfilment assets and amortisation in the year are outlined in Note 3.

Judgement is applied by the Group when determining what costs qualify to be capitalised as a contract fulfilment asset. In the Ashfield division, certain mobilisation costs related to the set up of processes, personnel and systems necessarily incurred to deliver outsourcing services, are deferred during the commencement stage of a project and expensed evenly over the period that the outsourcing services are provided, which usually ranges from 12 to 18 months. The contract fulfilment costs are specific internal costs or incremental external costs directly related to the implementation of the customer contract. Ashfield's contract fulfilment assets are recoverable from the customer on set up of the contract and are contractually protected in the event of early termination. Contract fulfilment assets are monitored regularly for impairment. The Group is aware of a recent IFRS Interpretations Committee ('IFRIC') tentative agenda decision regarding the deferral of training costs as a cost to fulfil a customer contract. The Group will consider the impact of the IFRIC agenda decision on its accounting policy for costs to fulfil customer contracts when the IFRIC agenda decision is concluded.

Goodwill and Intangible Assets (Note 13 and Note 14)

The Group annually tests whether there is any impairment in goodwill, in accordance with the accounting policy outlined in Note 1. Determining whether goodwill is impaired requires comparison of the value in use for the relevant CGUs to the net assets attributable to these CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. In calculating value in use, management judgement is required in forecasting cash flows of cash generating units, in determining terminal growth values and in calculating an appropriate discount rate. The goodwill impairment test is sensitive to these estimates. The Group has performed sensitivity analysis over the value in use calculation with respect to the key estimates. Sensitivities to changes in assumptions are detailed in Note 13.

Determining the useful life of intangible assets requires judgement. Management regularly reviews these useful lives and changes them if necessary to reflect current conditions. Changes in useful lives can have a significant impact on the amortisation charge for the year. The amortisation expense in the year by class of intangible asset and the weighted average remaining useful lives for each category of intangible assets are disclosed in Note 14.

Income Tax Expense (Note 8)

The Group is subject to income tax in a number of jurisdictions, and significant judgement and degree of estimation is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until formal resolution has been concluded with the relevant tax authority which may take extended time periods to conclude. Also, the Group can be subject to uncertainties, including tax audits in any of the jurisdictions in which it operates, which are frequently complex taking many years to conclude. Amounts accrued for anticipated tax authority reviews are based on estimates of whether any additional amounts of tax may be due. Such estimates are determined based on a number of factors including management judgement, interpretation of relevant tax laws, correspondence with the tax authorities, advice from external tax professionals and a probability weighted expected value.

The ultimate tax charge may, therefore, be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

Provisions and Deferred Contingent Consideration (Note 26)

The amounts recognised as a provision are management's best estimate of the expenditure required to settle present obligations at the balance sheet date. The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Further details on provisions by category including the movement in provisions and expected maturity of provisions are outlined in Note 26.

Deferred contingent consideration are recognised in the Group Balance Sheet as provisions. The expected payment is determined separately in respect of each individual contingent consideration agreement taking into consideration the expected level of profitability of each acquisition. Deferred contingent consideration is recognised at fair value at the acquisition date and included in the costs of the acquisition. Deferred contingent consideration arrangements are based on earn-out agreements providing for future payment if certain profit and revenue (if applicable) targets of the acquiree are achieved. The fair value of deferred contingent consideration is estimated using an income-based approach of estimating the expected payment from forecasts of performance of acquired businesses and discounting the expected payment on the contingent consideration to present value using an appropriate discount rate. The movement in deferred contingent consideration in the period is outlined in Note 26. Further details on measurement of contingent consideration and sensitivities are disclosed in Note 31.

Employee Benefits (Note 30)

Retirement Benefit Obligations

The estimation of and accounting for retirement benefit obligations involves judgements made in conjunction with independent actuaries. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis. These involve estimates about uncertain future events based on the environment in different countries, including life expectancy of scheme members, future salary and pension increases and inflation as well as discount rates. The assumptions used in determining the net cost (income) for pensions include the discount rate. The assumptions used by the Group and a sensitivity analysis of a change in these assumptions are described in Note 30.

Share-based Payments

The fair value of the Executive Share Option Scheme has been measured using the Black Scholes formula or the binomial formula. The fair value of the LTIP has been measured using the Black Scholes formula or the Monte Carlo Simulation. The inputs used in the measurement of the fair values at grant date are disclosed in Note 30.

3. Revenue

Revenue recognised over time is recognised as services are rendered. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer, primarily upon delivery to the customer. A disaggregation of revenue recognised from contracts with customers by service offering, timing of transfer of goods and services and geographical region is outlined below.

Disaggregated revenue

	2019		
	Over time $'000	Point in time $'000	Total $'000
Ashfield			
Communications & Advisory	383,253	–	383,253
Commercial & Clinical	564,614	2,382	566,996
Ashfield	947,867	2,382	950,249
Sharp	339,110	9,164	348,274
Group	1,286,977	11,546	1,298,523

Geographical analysis of revenue

	2019 $'000	2018 $'000
Republic of Ireland	6,364	38,724
United Kingdom	251,962	305,677
North America	826,420	715,792
Rest of World	213,777	254,993
	1,298,523	1,315,186

Revenue recognised under contracts where the Group was determined to be acting as an agent in the transactions during the period amounted to:

	2019 $'000
Revenue from agent transactions	1,644

Contract assets

	2019 $'000
At 1 October 2018	81,074
At 30 September 2019	84,456
Increase	3,382

At 30 September 2018 accrued income amounted to $63,730,000. Following transition to IFRS 15, accrued income is now classified as contract assets. As a result of IFRS 15 transition adjustments, the contract assets balance at 1 October 2018 amounted to $81,074,000. Refer to Note 34 for further details.

Contract assets are presented in current assets within trade and other receivables (Note 17) and are expected to be realised in less than one year.

Contract assets have increased during the year as a result of acquisitions, and as the Group has provided more services ahead of the agreed contract payment schedules.

The weighted average stage of completion of contract assets for contracts where revenue is recognised over time and a sensitivity of contract assets for the estimation of stage of completion is outlined below.

	2019
Weighted average stage of completion of contract assets	72%

	Impact on revenue/contract assets $'000
1% increase in average stage of completion	2,927
1% decrease in average stage of completion	(3,853)

Contract Liabilities

	2019 $'000
At 1 October 2018	**62,517**
At 30 September 2019	**80,444**
Increase	**17,927**
Non-current	**16,223**
Current	**64,221**
Total at 30 September	**80,444**

At 30 September 2018, deferred income amounted to $61,880,000. Following transition to IFRS 15, deferred income is now classified as contract liabilities. As a result of IFRS 15 transition adjustments, the contract liabilities balance at 1 October 2018 amounted to $62,517,000. Refer to Note 34 for further details.

Contract liabilities have increased during the year as a result of an increase in overall contract activity. Of the contract liability balance as at 1 October 2018, $55,904,000 has been recognised as revenue in the current year.

Contract liabilities are presented within trade and other payables on the Group Balance Sheet and Note 25. The Group expects that long term contract liabilities will be recognised as revenue over an average period of four years.

Assets recognised from costs to fulfil a contract

The Group has recognised an asset in relation to costs to fulfil contracts. The movement in contract fulfilment assets in the year was:

	2019 $'000
At 1 October (Note 34)	**7,005**
Assets recognised from costs incurred to fulfil contracts	**11,483**
Amortisation as costs of provided services during the year	**(7,623)**
Translation adjustment	**(223)**
At 30 September	**10,642**
Non-current	**5,327**
Current	**5,315**
Total at 30 September	**10,642**

Contract fulfilment assets relate to set up costs that are directly attributable to customer contracts and are expected to be recovered. The assets are amortised on a straight-line basis over the term of the specific contracts they relate to, consistent with the pattern of recognising the associated revenue. The amortisation cost is recorded within cost of sales.

The Group adopted the new revenue standard IFRS 15 Revenue from Contracts with Customers for the first time in the year ended 30 September 2019. Further outlined in Note 34, the Group adopted IFRS 15 using the modified retrospective approach without restatement of comparatives. Disclosure of revenue for the prior year ended 30 September 2018 as required under IAS 18 Revenue are as follows:

	2018 $'000
Goods for resale	72,579
Services	1,237,821
Commission income	4,786
Total revenue	1,315,186

4. Segmental Information

Segmental information is presented in respect of the Group's operating segments and geographical regions. The operating segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Due to the nature of certain liabilities and assets, which are not segment specific, they have not been allocated to a segment but rather have been disclosed in aggregate immediately after the relevant segment note. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year and is comprised of property, plant and equipment, goodwill and intangible assets.

UDG Healthcare is a leading global healthcare services provider. IFRS 8 Operating Segments requires the reporting information for operating segments to reflect the Group's management structure and the way financial information is regularly reviewed by the Group's CODM, which the Group has defined as Brendan McAtamney (Chief Executive Officer). The segmental information of the business as presented corresponds with these requirements. Operating profit before transaction costs, amortisation of acquired intangible assets and exceptional items (adjusted operating profit) represents the key measure utilised in assessing the performance of operating segments.

The Group's operations are divided into the following operating segments:

Ashfield – Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across three broad areas of activity: advisory, communications and commercial & clinical services. It focuses on supporting healthcare professionals and patients at all stages of the product life cycle. The division provides field and contact centre sales teams, healthcare communications, patient support, audit, advisory, medical information and event management services to over 300 healthcare companies.

Sharp – Sharp is a global leader in contract packaging and clinical trial packaging services for the pharmaceutical and biotechnology industries, operating from state-of-the-art facilities in the U.S. and Europe.

Aquilant – In the prior year, the Group disposed of Aquilant (Note 7). Aquilant provides outsourced sales, marketing, distribution and engineering services to the medical and scientific sectors in the U.K., Ireland and the Netherlands.

No operating segments have been aggregated for disclosure purposes.

Geographical Analysis

The Group operates in four principal geographical regions being the Republic of Ireland, the United Kingdom, North America and the Rest of World. In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of the Group's subsidiaries. Segment assets are based on the geographical location of the assets.

Inter-segment revenue is not material and thus not subject to disclosure.

Revenue and results – 2019

	Ashfield 2019 $'000	Sharp 2019 $'000	Group total 2019 $'000
Segment revenue	950,249	348,274	1,298,523
Adjusted operating profit*	110,010	44,830	154,840
Amortisation of acquired intangibles	(30,837)	(1,550)	(32,387)
Transaction costs	(2,119)	(17)	(2,136)
Exceptional items	(26,377)	(15,676)	(42,053)
Operating profit	50,677	27,587	78,264
Finance income			20,314
Finance expense			(24,301)
Profit before tax			74,277
Income tax expense			(16,786)
Profit for the financial year			57,491

* Excluding amortisation of acquired intangibles, transaction costs and exceptional items.

Revenue and results – 2018

	Ashfield 2018 $'000	Sharp 2018 $'000	Aquilant 2018 $'000	Group total 2018 $'000
Segment revenue	921,406	311,073	82,707	1,315,186
Adjusted operating profit*	98,451	45,775	3,280	147,506
Amortisation of acquired intangibles	(29,021)	(1,980)	–	(31,001)
Transaction costs	(2,277)	(97)	–	(2,374)
Exceptional items	(13,855)	(4,081)	(90,694)	(108,630)
Operating profit/(loss)	53,298	39,617	(87,414)	5,501
Finance income				16,811
Finance expense				(13,926)
Profit before tax				8,386
Income tax expense				(4,529)
Profit for the financial year				3,857

* Excluding amortisation of acquired intangibles and transaction costs.

Segmental assets and liabilities – 2019

	Ashfield 2019 $'000	Sharp 2019 $'000	Group total 2019 $'000
Segment assets	1,083,654	408,954	1,492,608
Unallocated assets			65,993
			1,558,601
Segment liabilities	(309,747)	(90,036)	(399,783)
Unallocated liabilities			(258,255)
			(658,038)

Segmental assets and liabilities – 2018

	Ashfield 2018 $'000	Sharp 2018 $'000	Group total 2018 $'000
Segment assets	1,029,065	428,612	1,457,677
Unallocated assets			69,480
			1,527,157
Segment liabilities	(288,721)	(81,661)	(370,382)
Unallocated liabilities			(271,432)
			(641,814)

Unallocated assets and liabilities comprises amounts relating to interest-bearing loans and borrowings, derivative financial instruments, current income tax, deferred income tax, employee benefits and cash held at Group.

Other segmental information	Ashfield 2019 $'000	Sharp 2019 $'000	Group total 2019 $'000
Depreciation	7,619	15,511	23,130
Capital expenditure[1]	106,663	22,814	129,477
Amortisation of acquired intangibles	30,837	1,550	32,387
Amortisation of computer software	6,431	1,596	8,027
Share-based payment expense	3,308	1,092	4,400

4. Segmental Information (continued)

Other segmental information	Ashfield 2018 $'000	Sharp 2018 $'000	Aquilant 2018 $'000	Group total 2018 $'000
Depreciation	7,913	15,383	1,181	24,477
Capital expenditure[1]	105,390	32,164	1,032	138,586
Amortisation of acquired intangibles	29,021	1,980	–	31,001
Amortisation of computer software	4,351	1,620	65	6,036
Share-based payment expense	3,798	1,218	53	5,069

1 Capital expenditure comprises acquisition of computer software, property, plant and equipment, goodwill and intangible assets.

The results and assets of joint ventures and associates are included within the individual business segment in which they are included for internal reporting, which relate to the Ashfield division.

The following represents a geographical analysis of the segment information in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets.

Geographical analysis	**Republic of Ireland 2019 $'000**	**United Kingdom 2019 $'000**	**North America 2019 $'000**	**Rest of World 2019 $'000**	**Group total 2019 $'000**
Revenue	**6,364**	**251,962**	**826,420**	**213,777**	**1,298,523**
Total assets	**37,466**	**449,991**	**882,931**	**188,213**	**1,558,601**
Capital expenditure[1]	**954**	**30,341**	**91,509**	**6,673**	**129,477**

	Republic of Ireland 2018 $'000	United Kingdom 2018 $'000	North America 2018 $'000	Rest of World 2018 $'000	Group total 2018 $'000
Revenue	38,724	305,677	715,792	254,993	1,315,186
Total assets	28,706	491,181	820,944	186,326	1,527,157
Capital expenditure[1]	503	27,604	101,365	9,114	138,586

1 Capital expenditure comprises acquisition of computer software, property, plant and equipment, goodwill and intangible assets.

5. Statutory and Other Information

	2019 $'000	2018 $'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**23,130**	24,477
Profit on disposal of property, plant and equipment	**(571)**	(340)
Amortisation of intangible assets:		
– Amortisation of acquired intangibles	**32,387**	31,001
– Amortisation of computer software	**8,027**	6,036
Employee benefits	**639,951**	633,884
Operating lease rentals:		
– Land and buildings	**15,205**	17,025
– Other assets	**9,307**	16,152
Foreign exchange gain	**(58)**	(1,049)

Details of directors' remuneration, pension entitlements and interests in share options are set out in the Directors' Remuneration Report.

Auditor's remuneration

	2019 $'000	2018 $'000
Fees payable to the Group auditors and to member firms of the Group auditors are as follows:		
Description of services		
Audit services:		
– Group	**1,412**	1,356
– Company	**9**	9
Other assurance services:		
– Group	**–**	–
– Company	**–**	–
Tax advisory services:		
– Group	**–**	–
– Company	**–**	–
Other non-audit services:		
– Group	**34**	28
– Company	**–**	–
	1,455	1,393

Group audit consists of fees payable for the consolidated and statutory audits of the Group and its subsidiaries. Included in Group audit are total fees of $9,000 (2018: $9,000) which were paid to the Group's auditor in respect of the parent company.

Included in the above fees are the following amounts payable to the Group auditors outside of Ireland:

	2019 $'000	2018 $'000
Audit services	**472**	739
Other assurance services	**–**	–
Tax advisory services	**–**	–
Other non-audit services	**–**	–
	472	739

6. Finance Income and Expense

	2019 $'000	2018 $'000
Finance income		
Income arising from cash deposits	**2,280**	1,763
Fair value adjustment to guaranteed senior unsecured loan notes	**1,097**	213
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**12,414**	3,032
Net finance income on pension scheme obligations	**380**	227
	16,171	5,235
Finance expense		
Interest on overdrafts	**(60)**	(95)
Interest on bank loans and other loans:		
– Wholly repayable within five years	**(7,196)**	(7,510)
– Wholly repayable after five years	**(1,893)**	(1,997)
Interest on finance leases	**(2)**	(3)
Unwinding of discount on deferred consideration	**(124)**	–
Unwinding of discount on provisions	**(1,515)**	(840)
Fair value adjustments to fair value hedges	**(1,097)**	(213)
Fair value of cash flow hedges transferred from equity	**(12,414)**	(3,032)
Ineffective portion of cash flow hedges	**–**	(236)
	(24,301)	(13,926)
Net finance expense, pre-exceptional items	**(8,130)**	(8,691)
Finance income relating to exceptional items (Note 9)	**4,143**	11,576
Net finance (expense)/income	**(3,987)**	2,885

7. Disposal of Subsidiaries

There were no disposals of subsidiaries in the current year.

During the prior year, on 8 August 2018, the Group completed the disposal of Aquilant. The following tables summarise the consideration received, loss on disposal and the net cash flow arising on the disposal of Aquilant:

	2018 $'000
Consideration	
Cash consideration received	22,389
Deferred consideration	580
Total consideration received	22,969
Assets and liabilities disposed of	
Property, plant and equipment	3,871
Goodwill	7,703
Deferred tax assets	333
Inventories	18,923
Trade and other receivables	16,266
Trade and other payables	(18,634)
Cash and cash equivalents	1,343
Net assets disposed of	29,805
Loss on disposal	
Total consideration received	22,969
Net assets disposed of	(29,805)
Reclassification of foreign currency translation reserve on disposal	(33,383)
Disposal costs	(1,683)
Net loss on disposal of subsidiaries	(41,902)
Net cash flow from disposal of subsidiaries	
Cash and cash equivalents received	22,389
Cash and cash equivalents disposed of	(1,343)
Net cash inflow from disposal of subsidiaries	21,046

The cash inflow from disposal of subsidiaries is presented within cash flows from investing activities in the Group Cash Flow Statement.

The net loss on disposal is presented as an exceptional item (Note 9) within other operating expenses. The net loss on disposal includes the reclassification of the foreign currency translation reserve of $33,383,000. This is the cumulative foreign translation difference arising from the translation of the net assets of Aquilant denominated in euro and sterling to U.S. dollars in each reporting period. As these exchange differences were previously recognised in the Group's other comprehensive income and the foreign exchange reserve, this charge has a $nil impact on shareholder's equity. The recycling of the foreign currency translation reserve had a $nil impact on the Group's adjusted diluted EPS.

An impairment charge of $57,648,000 arose on the carrying value of the goodwill in Aquilant in the six-month period to 31 March 2018 as previously disclosed in the 2018 interim results. This is presented as an exceptional item in Note 9.

The operating results of Aquilant, excluding exceptional items, which are outlined for the prior year in the segmental information in Note 4, were not considered to be a separate major line of business or geographical area of operations and therefore have not been separately presented in the Group Income Statement as a discontinued operation. The impairment charge and loss on disposal are separately presented within exceptional items (Note 9).

8. Income Tax Expense

Recognised in the income statement	2019 $'000	2018 $'000
Current income tax		
Ireland		
Adjustment in respect of prior years	**1,206**	715
Current year income tax on profit for the year	**(2,981)**	(1,034)
	(1,775)	(319)
Overseas		
Adjustment in respect of prior years	**1,007**	4,021
Current year income tax on profit for the year	**(22,387)**	(20,322)
	(21,380)	(16,301)
Total current income tax expense	**(23,155)**	(16,620)
Deferred income tax		
Origination and reversal of temporary differences:		
Property, plant and equipment	**(401)**	(1,118)
Intangible assets	**7,084**	1,793
Tax deductible goodwill	**(5,202)**	6,139
Employee benefits	**301**	1,260
Short-term temporary differences	**4,587**	4,017
Total deferred income tax credit	**6,369**	12,091
Income tax expense	**(16,786)**	(4,529)

Factors Affecting the Tax Charge in Future Years

The total tax charge for future periods will be affected by changes to applicable tax rates in force in jurisdictions in which the Group operates and other changes in tax legislation applicable to the Group's businesses.

Reconciliation of effective tax rate	2019 %	2019 $'000	2018 %	2018 $'000
Profit before tax		**74,277**		8,386
Taxation based on Irish corporation tax rate	**12.5**	**(9,285)**	12.5	(1,048)
Expenses not deductible for tax purposes		**(2,497)**		(1,022)
Loss on disposal of subsidiary not deductible		**–**		(5,238)
Impairment of goodwill not deductible		**–**		(7,206)
Tax on income from joint ventures		**6**		120
Losses (not utilised)/recognised		**(1,069)**		2,422
Differences in foreign tax rates		**(5,481)**		(7,048)
Impact of changes in U.S. tax rates		**–**		9,715
Adjustments in respect of prior years		**1,540**		4,776
		(16,786)		(4,529)

The enactment of the 'Tax Cuts and Jobs Act' in the U.S. in the prior year resulted in a deferred tax credit of $9,715,000 to the income statement shown as part of the exceptional items (Note 9) and a deferred tax credit of $408,000 to other comprehensive income.

The Group's share of joint ventures' profit after tax includes a tax charge of $27,000 (2018: $572,000).

Recognised in other comprehensive income	2019 $'000	2018 $'000
Deferred tax		
Defined benefit schemes	**846**	221
Cash flow hedges	**(1,153)**	433
	(307)	654

9. Exceptional Items

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. These exceptional items are separately presented in the Income Statement caption to which they relate. An analysis of exceptional items is disclosed below.

		2019 $'000	2018 $'000
Legal costs and settlements	(a)	**14,994**	–
Restructuring costs and other	(b)	**12,481**	14,536
Sharp Europe rationalisation	(c)	**10,445**	–
Impairment of intangible assets	(d)	**3,744**	–
Impairment of property, plant and equipment	(e)	**389**	502
Contract terminations		**–**	(8,882)
Impairment of goodwill		**–**	57,648
Loss on disposal of subsidiary		**–**	41,902
Onerous leases		**–**	2,924
Net operating exceptional items		**42,053**	108,630
Deferred contingent consideration	(f)	**(4,143)**	(11,576)
Net exceptional items before tax		**37,910**	97,054
Exceptional items tax credit		**(4,165)**	(1,548)
Deferred tax		**–**	(9,715)
Net exceptional items after tax		**33,745**	85,791

(a) Legal costs and settlements

Legal costs and settlements expense primarily relates to the previously disclosed claim received from McKesson in 2018 arising from its purchase of United Drug from the Group in 2016. McKesson had notified the Group of potential claims pursuant to indemnification and warranty provisions contained in the sale and purchase agreement relating to the disposal of United Drug. This claim was settled in April 2019 (without admission by any party) resulting in a total expense for the Group in the year of $14,250,000 (including defence costs). The Group does not expect any further costs to arise as a result of the disposal. Additionally, the Group incurred legal costs of $744,000 protecting an Ashfield trademark. The tax impact of exceptional legal costs and settlements amounted to a credit of $207,000.

(b) Restructuring costs and other

During the year, the Group implemented a restructuring of its internal operating structures, primarily within Ashfield Commercial & Clinical, due to changes in market conditions in Europe. Restructuring costs and other includes redundancy costs of $11,229,000, onerous contracts of $666,000, accelerated share-based payment expense of $320,000, and other costs of $266,000 associated with the restructuring. A tax credit of $2,666,000 arose in respect of exceptional restructuring costs.

(c) Sharp Europe rationalisation

The Group implemented a rationalisation of Sharp's European operations during the year. As part of the rationalisation, it was decided to close the Sharp plant at Oudehaske, Netherlands. The exceptional rationalisation costs in Sharp Europe include redundancy costs of $2,373,000, impairment of property, plant and equipment of $3,576,000, plant decommissioning and termination costs of $4,496,000. The centralisation of Sharp's European operations to the existing plants will lead to greater operational and cost efficiencies for Sharp Europe. The tax impact of exceptional rationalisation costs amounted to a credit of $323,000.

(d) Impairment of intangible assets

The Group incurred a one-off expense of $3,744,000 arising from the impairment of intangible assets. A review of software in Ashfield during the year as part of the business realignment resulted in the decision to cease using certain software assets. A tax credit of $894,000 arose in respect of the impairment of intangible assets.

(e) Impairment of property, plant and equipment

Impairment of property, plant and equipment arose due to the exit of properties as a result of the realignment of the Group's structure. A tax credit of $75,000 arose in respect of the impairment of property, plant and equipment.

(f) Deferred contingent consideration

Deferred contingent consideration relates to $2,800,000 in respect of Drug Safety Alliance, $800,000 in respect of MicroMass Communications and $543,000 in respect of Sellxpert. These amounts were released in the year following a review of expected performance against earn-out targets.

In the prior year, the Group recognised $85.8 million of an exceptional charge. A goodwill impairment charge of $57.6 million was recognised in relation to Aquilant, partially offset by an exceptional gain of $8.9 million relating to the exit of two Aquilant clients in the period. The disposal of Aquilant resulted in a loss of $41.9 million. In addition, the Group completed a restructuring programme resulting in restructuring cost of $14.5 million and onerous lease charges of $2.9 million as a result of exiting leases associated with the restructuring. There was an exceptional credit of

$11.6 million in the prior year due to the remeasurement of contingent consideration relating to the acquisitions of Cambridge BioMarketing, MicroMass Communications and Sellxpert. The Group recognised an exceptional tax credit of $1.5 million on these items and an exceptional gain of $9.7 million arising from the remeasurement of certain U.S. tax liabilities following the enactment of the U.S. Tax Cuts and Jobs Act.

10. Dividends – Equity Shares

	2019 $'000	2018 $'000
Dividends paid		
Final dividend for 2018 of 11.75 $ cent (2017: 9.72 $ cent) per share	29,224	24,137
Interim dividend for 2019 of 4.46 $ cent (2018: 4.25 $ cent) per share	11,101	10,568
Total dividends	**40,325**	34,705

The directors have proposed a final dividend for 2019 of 12.34 $ cent per share (2018: 11.75 $ cent per share) amounting to $30,769,000 (2018: $29,224,000), subject to shareholder approval at the upcoming AGM. The total dividend for the year, subject to shareholder approval, is 16.80 $ cent (2018: 16.00 $ cent) per share.

The final dividend for 2019 has not been provided for in the Balance Sheet at 30 September 2019, as there was no present obligation to pay the dividend at year end.

11. Earnings Per Ordinary Share

	IFRS 15 Total 2019 $'000	IAS 18 Total 2019 $'000	Total 2018 $'000
Profit attributable to owners of the parent	57,451	60,275	3,795
Adjustment for amortisation of acquired intangible assets (net of tax)	25,302	25,302	23,287
Adjustment for transaction costs (net of tax)	2,098	2,098	2,194
Adjustment for exceptional items (net of tax)	33,745	33,745	85,791
Adjusted profit attributable to owners of the parent[1]	**118,596**	**121,420**	115,067

	2019 Number of shares	2018 Number of shares
Weighted average number of shares	249,110,546	248,517,745
Number of dilutive shares under options	1,551,905	1,947,043
Weighted average number of shares, including share options	**250,662,451**	250,464,788

	IFRS 15 2019	IAS 18 2019	2018
Basic earnings per share – $ cent	23.06	24.20	1.53
Diluted earnings per share – $ cent	22.92	24.05	1.52
Adjusted basic earnings per share – $ cent	47.61	48.74	46.30
Adjusted diluted earnings per share – $ cent	**47.31**	**48.44**	45.94

1 Adjusted profit attributable to equity holders of the parent from continuing operations is stated before the amortisation of acquired intangible assets ($25.3m, net of tax), transaction costs ($2.1m, net of tax) and exceptional items ($33.7m, net of tax).

Non-IFRS Information

The Group reports certain financial measurements that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non-GAAP measurements provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance-based remuneration.

Treasury shares have been excluded from the weighted average number of shares in issue used in the calculation of earnings per share. 1,371,292 (2018: 1,357,684) anti-dilutive share options have been excluded from the calculation of diluted earnings per share.

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.

12. Property, Plant and Equipment

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 September 2019						
Opening net book amount	**71,531**	**81,674**	**152**	**6,039**	**20,197**	**179,593**
Additions in year	**1,172**	**19,125**	**–**	**3,620**	**3,234**	**27,151**
Arising on acquisition	**–**	**1,423**	**–**	**70**	**–**	**1,493**
Depreciation charge	**(4,622)**	**(14,595)**	**(1)**	**(3,912)**	**–**	**(23,130)**
Impairment	**(1,254)**	**(2,326)**	**–**	**(385)**	**–**	**(3,965)**
Disposals in year	**(13)**	**(221)**	**–**	**(47)**	**–**	**(281)**
Transfer to intangibles	**–**	**(1,070)**	**–**	**(115)**	**112**	**(1,073)**
Reclassifications	**19,078**	**(355)**	**(109)**	**440**	**(19,054)**	**–**
Translation adjustment	**(1,804)**	**(1,495)**	**(4)**	**(180)**	**–**	**(3,483)**
At 30 September 2019	**84,088**	**82,160**	**38**	**5,530**	**4,489**	**176,305**
At 30 September 2019						
Cost or deemed cost	**122,568**	**166,807**	**127**	**25,824**	**4,489**	**319,815**
Accumulated depreciation	**(38,480)**	**(84,647)**	**(89)**	**(20,294)**	**–**	**(143,510)**
Net book amount	**84,088**	**82,160**	**38**	**5,530**	**4,489**	**176,305**

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 September 2018						
Opening net book amount	76,463	80,564	271	10,014	1,091	168,403
Additions in year	3,637	17,016	6	1,962	19,849	42,470
Arising on acquisition	–	70	–	108	–	178
Depreciation charge	(5,412)	(13,727)	(45)	(5,293)	–	(24,477)
Impairment	(502)	(188)	–	–	–	(690)
Disposals in year	(355)	(4,033)	(24)	(668)	–	(5,080)
Reclassifications	(1,778)	2,521	(55)	55	(743)	–
Translation adjustment	(522)	(549)	(1)	(139)	–	(1,211)
At 30 September 2018	71,531	81,674	152	6,039	20,197	179,593
At 30 September 2018						
Cost or deemed cost	104,783	160,280	331	25,332	20,197	310,923
Accumulated depreciation	(33,252)	(78,606)	(179)	(19,293)	–	(131,330)
Net book amount	71,531	81,674	152	6,039	20,197	179,593

No borrowings are secured on the above assets with the exception of the leased assets noted below.

Leased Property, Plant and Equipment

The Group leases items of property, plant and equipment under a number of finance lease agreements. At 30 September 2019, the carrying amount of property, plant and equipment held under finance leases was $46,000 (2018: $31,000) and related depreciation amounted to $24,000 (2018: $90,000).

13. Goodwill

	2019 $'000	2018 $'000
At 1 October	**515,954**	542,554
Arising on acquisition (Note 29)	**49,622**	42,041
Measurement period adjustment (Note 29)	**(1,451)**	–
Impairment (Note 9)	**–**	(57,648)
Disposals of subsidiaries (Note 7)	**–**	(7,703)
Translation adjustment	**(16,605)**	(3,290)
At 30 September	**547,520**	515,954

Goodwill arises on acquisitions. The goodwill acquired during the year relates to the acquisition of Putnam Associates and Incisive Health (Note 29).

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. The CGUs represent the lowest level within the Group at which associated goodwill is monitored for management purposes and is not bigger than the segments determined in accordance with IFRS 8 Operating Segments. Significant under-performance in any of the Group's major CGUs may give rise to a material write-down of goodwill which would have a substantial impact on the Group's income and equity. A total of eight (2018: eight) CGUs have been identified.

The carrying value of goodwill and the number of CGUs are analysed between the operating segments in the Group below.

	2019 $'000	Number of CGUs	2018 $'000	Number of CGUs
Ashfield	**459,818**	**6**	426,093	6
Sharp	**87,702**	**2**	89,861	2
	547,520	**8**	515,954	8

In accordance with IAS 36 Impairment of Assets, the CGUs to which significant amounts of goodwill (greater than 10% of the total value) have been allocated are as follows:

	2019 $'000	2018 $'000
Ashfield Healthcare Communications Group[1]	**202,876**	197,627
Ashfield Advisory Group[2]	**115,628**	79,941

1 Includes goodwill relating to Incisive Health which was acquired during the year (Note 29).
2 Includes goodwill relating to Putnam Associates which was acquired during the year (Note 29).

All other units account for individually less than 10% of the total carrying value of goodwill and are not considered individually significant.

Impairment Testing of CGUs Containing Goodwill

The Group tests goodwill for impairment on an annual basis or more frequently if there is an indication that the goodwill may be impaired. This testing involves determining the CGU's value in use and comparing this to the carrying amount of the CGU. Where the value in use exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the value in use, an impairment loss is recognised to reduce the carrying amount of the CGU to its value in use. Estimates of value in use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

13. Goodwill (continued)

Value in Use Calculations

Where a value in use approach is used to assess the recoverable amount of the CGU, calculations use pre-tax cash flow projections based on financial budgets and projections covering a five-year period. The cash flow forecasts used for the value in use computations exclude incremental profits and other cash flows derived from planned acquisition activities. For individual CGUs, the cash flow forecasts employed in the computations are based on a four-year plan, which has been approved by senior management. The remaining year's forecasts have been extrapolated using growth rates consistent with the four-year plan.

A long-term growth rate reflecting the long-term economic growth rates for the countries of operation of the CGUs have been applied to the year five cash flows. The long-term growth rates applied to value in use calculations range from 2.0% to 2.2% (2018: 2.0% to 2.3%). The value in use of each CGU is calculated using a discount rate representing the Group's estimated weighted average cost of capital, adjusted to reflect risks associated with each CGU including country specific risks. The pre-tax discount rates range from 9.4% to 10.3% (2018: 9.1% to 11%). The pre-tax discount rates and long-term growth rates used for significant CGUs are detailed in the table below.

	Discount rate (pre-tax)		Long-term growth rate	
	2019	2018	**2019**	2018
Ashfield Healthcare Communications Group	**9.6%**	10.1%	**2.1%**	2.1%
Ashfield Advisory Group	**9.7%**	9.5%	**2.1%**	2.1%

The key assumptions used for the value in use computations are that the markets will grow in accordance with publicly available data, the Group will maintain its current market share, gross margins will be maintained at current levels and overheads will increase in line with expected levels of inflation. The cash flow forecasts assume appropriate levels of capital expenditure and investment in working capital to support the growth in individual CGUs.

Impairment

There was no impairment charge arising from the Group's annual goodwill impairment test. In 2018, the Group incurred an exceptional impairment charge of $57,648,000 relating to the Aquilant CGU which was also disposed of in 2018.

Additional Sensitivity Analysis

The Group has conducted a sensitivity analysis on each of the CGUs by applying the following scenarios:

- Decreasing revenue growth forecasts by 3%;
- Decreasing operating profit margins by 1.5%;
- Increasing discount rates by 1%; and
- Reducing long-term growth rates by 1%.

A reasonably possible change in any of the key assumptions would not cause the carrying amount to exceed the recoverable amount in any of the significant CGUs.

Of the CGUs which are not significant, the value-in-use of the Ashfield Commercial & Clinical U.K. CGU is the most sensitive to changes in key assumptions, in particular to changes in the discount rate. The table below provides further details in respect of this CGU:

	Ashfield Commercial & Clinical U.K. 2019
Goodwill allocated to CGU ($'000)	**33,181**
Excess of value-in-use over carrying value ($'000)	**13,933**
Excess of value-in-use over carrying value – as a percentage of value-in-use	**20%**
Discount rate utilised in base impairment model	**8.0%**
Movement in discount rate for $nil excess	**+1.7%**

The long-term growth rate applied to the CGU was 2%. If a long-term growth rate of 0% was applied, it would not result in an impairment of goodwill. While the base impairment model does not indicate that an impairment exists in the CGU, should the underlying assumptions and forecasts attributable to the CGU differ in the future, this may result in an impairment of goodwill of the CGU.

14. Intangible Assets

	Computer software $'000	Customer relationships $'000	Trade names $'000	Contract-based $'000	Technology $'000	Total $'000
Year ended 30 September 2019						
Opening net book amount	**53,798**	**127,283**	**50,381**	**1,442**	**8,634**	**241,538**
Additions in year	**12,475**	**–**	**–**	**–**	**–**	**12,475**
Arising on acquisition	**10**	**28,070**	**7,565**	**3,091**	**–**	**38,736**
Amortisation of acquired intangible assets	**–**	**(19,544)**	**(6,827)**	**(2,860)**	**(3,156)**	**(32,387)**
Amortisation of computer software	**(8,027)**	**–**	**–**	**–**	**–**	**(8,027)**
Transfer from property, plant and equipment	**1,073**	**–**	**–**	**–**	**–**	**1,073**
Impairment charge	**(3,744)**	**–**	**–**	**–**	**–**	**(3,744)**
Translation adjustment	**(3,060)**	**(3,812)**	**(803)**	**(20)**	**(354)**	**(8,049)**
At 30 September 2019	**52,525**	**131,997**	**50,316**	**1,653**	**5,124**	**241,615**
At 30 September 2019						
Cost or deemed cost	**75,278**	**251,549**	**88,451**	**18,246**	**17,721**	**451,245**
Accumulated amortisation	**(22,753)**	**(119,552)**	**(38,135)**	**(16,593)**	**(12,597)**	**(209,630)**
Net book amount	**52,525**	**131,997**	**50,316**	**1,653**	**5,124**	**241,615**

	Computer software $'000	Customer relationships $'000	Trade names $'000	Contract-based $'000	Technology $'000	Total $'000
Year ended 30 September 2018						
Opening net book amount	39,770	126,974	47,555	1,167	12,151	227,617
Additions in year	21,047	–	–	–	–	21,047
Arising on acquisition	9	21,560	8,502	2,710	–	32,781
Amortisation of acquired intangible assets	–	(19,843)	(5,390)	(2,435)	(3,333)	(31,001)
Amortisation of computer software	(6,036)	–	–	–	–	(6,036)
Translation adjustment	(992)	(1,408)	(286)	–	(184)	(2,870)
At 30 September 2018	53,798	127,283	50,381	1,442	8,634	241,538
At 30 September 2018						
Cost or deemed cost	71,016	231,717	82,949	15,563	18,724	419,969
Accumulated amortisation	(17,218)	(104,434)	(32,568)	(14,121)	(10,090)	(178,431)
Net book amount	53,798	127,283	50,381	1,442	8,634	241,538

The amortisation charge for the year has been charged to other operating expenses in the Income Statement. Intangible assets are amortised over their useful lives, ranging from six months to 15 years, depending on the nature of the asset.

Weighted average remaining amortisation period	Computer software	Customer relationships	Trade names	Contract-based	Technology
At 30 September 2019	**6.5**	**6.2**	**6.5**	**0.4**	**1.6**
At 30 September 2018	7.9	6.7	7.9	1.0	2.6

15. Investment in Joint Ventures

The Group's interest in its joint ventures, all of which are unlisted, is set out below.

	$'000
At 30 September 2017	8,838
Share of profit after tax	958
Translation adjustment	(67)
At 30 September 2018	**9,729**
Share of profit after tax	**50**
Translation adjustment	**437**
At 30 September 2019	**10,216**

The Group has classified the joint venture arrangement with Magir Limited ('Magir') as an asset held for sale. The carrying value of the investment in Magir is $nil (2018: $nil). The Group's ownership interest in Magir is 25% (2018: 25%). The investment is available for immediate sale in its present condition and the Group is committed to its sale as soon as practicable.

Set out below is the summarised financial information for the Group's joint ventures, which are accounted for using the equity method. The information below reflects the amounts presented in the financial statements of the joint venture reconciled to the carrying value of the Group's interest in joint ventures.

	2019 $'000	2018 $'000
Joint venture balance sheet (100%)		
Non-current assets	**3,317**	1,706
Cash and cash equivalents	**2,562**	3,742
Other current assets	**18,074**	14,651
Non-current liabilities	**(2,490)**	(2,532)
Current liabilities	**(12,235)**	(8,825)
Net assets	**9,228**	8,742
Reconciliation of the carrying value of the Group's interest in joint ventures:		
Group's equity interest	**49.99%**	49.99%
Group's share of net assets	**4,613**	4,370
Goodwill	**5,603**	5,359
Carrying value of Group's interest in joint ventures	**10,216**	9,729

	2019 $'000	2018 $'000
Revenue	**71,705**	66,271
Expenses, net of tax	**(71,605)**	(64,355)
Profit after tax	**100**	1,916
Group's equity interest	**49.99%**	49.99%
Group's share of profit after tax	**50**	958

Capital Commitments

At 30 September 2019, the Group's share of authorised but not contracted for capital expenditure was $nil (2018: $nil).

The following joint venture of UDG Healthcare plc is classified as an asset held for sale.

Name	Nature of business	Group share
Magir Limited (trading as Medicare)	Healthcare and retail organisation	25%
Magir Limited has its registered office at 44 Montgomery Road, Belfast, BT6 9ML		

The following joint venture of UDG Healthcare plc is included within the Ashfield operating segment.

Name	Nature of business	Group share
CMIC Ashfield Co., Ltd	Contract sales outsourcing	49.99%
CMIC Ashfield Co., Ltd has its registered office at 7–10–4 Nishi-Gotanda, Shinagawa-ku, Tokyo, Japan		

All shares held are ordinary shares.

UDG Healthcare plc accounts for Magir Limited and CMIC Ashfield Co. Limited as joint ventures on the basis of contractual arrangements which establish joint control between the Group and the remaining shareholders. These contractual arrangements outline the requirement for all significant strategic, financial and operational decisions to be jointly approved by both parties to the respective agreements.

The Group has considered the impact of IFRS 12, Disclosure of Interest in Other Entities in the Group financial statements. Given that neither joint venture is individually material to the results or financial position of the Group as at 30 September 2019 or 2018, no separate summary information for the respective joint ventures has been disclosed.

16. Inventories

	2019 $'000	2018 $'000
Raw materials	**22,908**	17,048
Work in progress	**2,307**	7,295
Finished goods	**38**	6,905
	25,253	31,248

In 2019, raw materials, work in progress and finished goods recognised as cost of sales amounted to $81,341,000 (2018: $231,752,000).

Estimates of net realisable value are based on the most reliable evidence, taking into consideration product obsolescence or perishability (which are generally low given the nature of the Group's inventory) and the purpose for which the inventory is held.

Current replacement cost does not differ materially from historical cost.

The reduction in the finished goods inventory in the year is a result of the Group's transition to IFRS 15 (Note 34).

17. Trade and Other Receivables

	2019 $'000	2018 $'000
Current		
Trade receivables	**231,239**	222,376
Other receivables	**29,223**	32,233
Contract assets (Note 3)	**84,456**	–
Accrued income	**–**	63,730
Prepayments	**25,432**	28,853
	370,350	347,192

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	2019 $'000	2018 $'000
Geographical analysis of risk		
Republic of Ireland	**2,156**	2,839
United Kingdom	**20,687**	26,144
North America	**144,801**	131,053
Rest of World	**63,595**	62,340
	231,239	222,376

There is no material concentration of credit risk with regard to individual clients included in Group trade receivables. Details of how the Group manages credit risk are set out in Note 31.

The Group applies a lifetime expected credit loss provision for trade receivables, as permitted by IFRS 9 (Note 34). Trade receivables have been grouped based on shared credit risk characteristics and the days past due for the purposes of measuring the expected credit losses. The expected credit loss rates are based on the historical settlement profiles of sales and the credit losses experienced. Credit loss rates are adjusted to reflect current and forward-looking information where there is evidence that these factors affect the ability of customers to settle the amounts due.

The ageing of trade receivables, under the IFRS 9 expected credit loss model, at 30 September 2019 was:

	2019			
	Gross value $'000	Impairment $'000	Net $'000	Weighted average loss rate
Not past due	**188,237**	**(412)**	**187,825**	**0.2%**
Past due				
0–30 days	**29,264**	**(462)**	**28,802**	**1.6%**
31–90 days	**10,108**	**(488)**	**9,620**	**4.8%**
91–180 days	**3,714**	**(531)**	**3,183**	**14.3%**
+181 days	**3,260**	**(1,451)**	**1,809**	**44.5%**
Past due	**46,346**	**(2,932)**	**43,414**	**6.3%**
Total trade receivables	**234,583**	**(3,344)**	**231,239**	**1.4%**

In the prior year, the ageing of trade receivables, under IAS 39, at 30 September 2018 was:

	2018		
	Gross value $'000	Impairment $'000	Net $'000
Not past due	187,657	(187)	187,470
Past due			
0–30 days	22,554	(30)	22,524
31–90 days	10,654	(30)	10,624
91–180 days	2,461	(703)	1,758
+181 days	1,706	(1,706)	–
	225,032	(2,656)	222,376

The movement in the impairment provision in respect of trade receivables during the year was as follows:

	2019 $'000	2018 $'000
At beginning of the year	**2,656**	2,556
Acquisitions in year	**43**	–
Disposals in year	**–**	(109)
Bad debts written off during the year	**(103)**	(228)
Impairment loss recognised during the year	**875**	484
Translation adjustment	**(127)**	(47)
At end of year	**3,344**	2,656

Trade receivables are assessed individually for impairment. The Group trades with a large number of clients on varied credit terms. Provision for impairment is made when there is objective evidence that the Group will not be in a position to collect the associated trade debts. Impairments are recorded in the Group Income Statement on identification. The general economic climate being experienced by clients of the Group remains consistent with 2018 and is closely monitored by the Group.

18. Equity Share Capital

Equity share capital	**Number of shares 2019**	**2019 $'000**	Number of shares 2018	2018 $'000
Authorised				
Ordinary shares of €0.05 each	**367,471,934**	**21,605**	367,471,934	21,605
Redeemable ordinary shares of €0.05 each	**7,528,066**	**492**	7,528,066	492
	375,000,000	**22,097**	375,000,000	22,097
Allotted, called up and fully paid				
Ordinary shares of €0.05 each	**249,347,507**	**14,186**	248,712,639	14,151
Redeemable ordinary shares of €0.05 each	**7,528,066**	**492**	7,528,066	492
In issue at 30 September	**256,875,573**	**14,678**	256,240,705	14,643

The redeemable ordinary shares do not rank for dividends and do not carry voting rights. The redeemable ordinary shares can be redeemed by the Company with the agreement of holders of such shares. All redeemable ordinary shares are held by the Group and are treated as treasury shares in accordance with the requirements of company law.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to attend, speak, ask questions and have one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Number of ordinary shares		Number of redeemable ordinary shares	
	2019	2018	**2019**	2018
In issue at beginning of year	**248,712,639**	248,326,744	**7,528,066**	7,528,066
Exercise of share options	**634,868**	385,895	**–**	–
In issue at end of year	**249,347,507**	248,712,639	**7,528,066**	7,528,066

19. Profit Attributable to UDG Healthcare plc

The profit recorded in the financial statements of the holding Company for the year ended 30 September 2019 was €78,986,000 (2018: €31,526,000). As permitted by Section 304 (2) of the Companies Act 2014, the Income Statement of the Company has not been separately presented.

20. Share Premium

	2019 $'000	2018 $'000
At 1 October	**197,837**	196,496
Premium arising on shares issued	**1,141**	1,341
At 30 September	**198,978**	197,837

21. Other Reserves

	Cash flow hedge $'000	Share-based payment $'000	Foreign exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	Total $'000
At 1 October 2018	**(15,886)**	**14,808**	**(127,548)**	**(7,676)**	**347**	**(135,955)**
Effective portion of cash flow hedges	**9,223**	**–**	**–**	**–**	**–**	**9,223**
Deferred tax on cash flow hedges	**(1,153)**	**–**	**–**	**–**	**–**	**(1,153)**
Share-based payment expense	**–**	**4,720**	**–**	**–**	**–**	**4,720**
Release from share-based payment reserve	**–**	**(2,923)**	**–**	**–**	**–**	**(2,923)**
Translation adjustment	**–**	**–**	**(16,671)**	**–**	**–**	**(16,671)**
At 30 September 2019	**(7,816)**	**16,605**	**(144,219)**	**(7,676)**	**347**	**(142,759)**

	Cash flow hedge $'000	Share-based payment $'000	Foreign exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	Total $'000
At 1 October 2017	(12,854)	8,992	(155,465)	(7,676)	347	(166,656)
Effective portion of cash flow hedges	(3,465)	–	–	–	–	(3,465)
Deferred tax on cash flow hedges	433	–	–	–	–	433
Share-based payment expense	–	6,643	–	–	–	6,643
Release from share-based payment reserve	–	(827)	–	–	–	(827)
Translation adjustment	–	–	(5,466)	–	–	(5,466)
Reclassification on loss of control of subsidiary undertakings	–	–	33,383	–	–	33,383
At 30 September 2018	(15,886)	14,808	(127,548)	(7,676)	347	(135,955)

Cash Flow Hedge Reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based Payment Reserve
This reserve comprises amounts expensed in the Income Statement in connection with share-based payments, net of transfers to retained earnings on the exercise, lapsing or forfeiting of share awards.

Foreign Exchange Reserve
The currency translation reserve comprises all foreign exchange differences arising from the translation of the net assets of the Group's non-U.S. dollar-denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date.

The reserve also includes all foreign exchange differences arising from the translation of liabilities that hedge the Group's net investment in foreign operations.

Capital Redemption Reserve
The capital redemption reserve is a legal reserve which has arisen from the company buying back and cancelling its ordinary shares.

Treasury Shares

Dublin Drug Company Limited

During the year ended 30 September 1998, the Group acquired Dublin Drug Company Limited for consideration of $13,118,000 which at the date of its acquisition held 2,225,438 ordinary shares in UDG Healthcare plc which had a nominal value of $790,000 and at the date of their acquisition represented 9.84% of the Company's issued ordinary share capital. Subsequent to the acquisition, these ordinary shares were converted into redeemable ordinary shares.

On 29 January 2002, 1,150,000 of these redeemable ordinary shares were redeemed at their market value both out of the proceeds of a placing in the market of 1,150,000 new ordinary shares and the distributable reserves of the Company, in accordance with Article 3A of the Articles of Association of the Company and Section 207 of the Companies Act 1990, and immediately thereafter were cancelled.

During the year ended 30 September 2003, the Company's shareholders approved a seven for one split of the ordinary share capital and redeemable ordinary share capital of the Company. At 30 September 2018, Dublin Drug Company Limited continued to hold 7,528,066 redeemable ordinary shares and they have been treated as treasury shares in the Balance Sheet in accordance with the requirements of company law.

Summary

At 30 September 2019, 7,528,066 (2018: 7,528,066) treasury shares were held by the Group, representing 2.93% (2018: 2.94%) of the issued ordinary and redeemable ordinary share capital of the Company.

22. Retained Earnings

	2019 $'000	2018 $'000
At 1 October	**808,647**	836,087
Change in accounting policy (Note 34)	**3,822**	–
Restated total equity at the beginning of the financial year	**812,469**	836,087
Net income recognised directly in the Income Statement	**57,451**	3,795
Net income recognised directly in Other Comprehensive Income:		
– Remeasurement (loss)/gain on Group defined benefit schemes	**(3,905)**	2,422
– Deferred tax on Group defined benefit schemes	**846**	221
Dividends paid to equity holders	**(40,325)**	(34,705)
Release from share-based payment reserve	**2,923**	827
At 30 September	**829,459**	808,647

23. Non-controlling Interests

	2019 $'000	2018 $'000
At 1 October	**171**	109
Share of profit for the financial year	**40**	62
Translation adjustment	**(4)**	–
At 30 September	**207**	171

The non-controlling interests relate to Sellxpert AG, a company registered in Switzerland. The Group acquired a 50% shareholding in Sellxpert AG on 10 July 2017.

24. Interest-bearing Loans and Borrowings

	2019 $'000	2018 $'000
Non-current		
Guaranteed senior unsecured notes	**174,704**	243,091
Finance leases	**30**	8
	174,734	243,099
Current		
Guaranteed senior unsecured notes	**64,862**	(100)
Bank borrowings	**416**	327
Finance leases	**19**	45
	65,297	272

Interest-bearing loans and borrowings are repayable as follows:

	2019 $'000	2018 $'000
Bank borrowings, overdrafts and guaranteed senior unsecured notes		
Within one year	**65,278**	227
After one but within two years	**(362)**	65,045
After two but within five years	**117,215**	118,729
After five years	**57,851**	59,317
Finance leases		
Within one year	**19**	45
After one but within two years	**30**	8
	240,031	243,371
Non-current	**174,734**	243,099
Current	**65,297**	272
	240,031	243,371

In September 2010, the Group completed a $130 million debt financing in the U.S. Private Placement Market. The following notes remain outstanding:

	2019 $'000	2018 $'000
5.25% Series 'B' guaranteed senior unsecured notes, 2020	**65,000**	65,000
	65,000	65,000

In September 2013, the Group completed a $140 million and €23 million debt financing in the U.S. Private Placement Market. The following notes remain outstanding:

	2019 $'000	2018 $'000
4.48% Series 'A' guaranteed senior unsecured notes, 2023	**105,000**	105,000
4.59% Series 'B' guaranteed senior unsecured notes, 2025	**35,000**	35,000
	140,000	140,000

	2019 €'000	2018 €'000
3.45% Series 'C' guaranteed senior unsecured notes, 2023	**12,000**	12,000
3.50% Series 'D' guaranteed senior unsecured notes, 2025	**11,000**	11,000
	23,000	23,000

In September 2014, the Group completed a €10 million debt financing in the U.S. Private Placement Market. The following note remains outstanding:

	2019 €'000	2018 €'000
2.64% Series 'A' guaranteed senior unsecured note, 2026	**10,000**	10,000
	10,000	10,000

All the loan notes were issued by UDG Healthcare Finance Limited, a wholly owned subsidiary, and have been guaranteed by UDG Healthcare plc and other Group undertakings.

U.S. dollar loan note issuance proceeds were swapped into euro and the U.S. dollar fixed interest rates applicable to the debt were swapped into predominantly fixed euro rate debt to generate the desired interest profile.

These loans are repayable in full on maturity.

Borrowing Facilities
In March 2019, the Group renewed its senior bank debt facility extending the term to May 2024.

At year end the Group has $228,669,000 (2018: $244,062,000) of committed, undrawn multi-currency senior debt loan facilities with a maturity date of 31 May 2024. The Group also has $5,445,000 (2018: $11,622,000) of undrawn overdraft facilities.

Covenants
The unsecured loan notes and senior bank facilities are subject to compliance with certain covenants including a leverage covenant (net debt to EBITDA) not to exceed 3.5:1 and an interest cover covenant (EBITDA to net interest expense) to be at least 3.0:1.

25. Trade and Other Payables

	2019 $'000	2018 $'000
Current		
Trade payables	**35,658**	39,920
Accruals	**97,993**	86,709
Contract liabilities (Note 3)	**64,221**	–
Deferred income	**–**	61,880
Other payables	**35,423**	19,827
PAYE, VAT and social welfare	**13,390**	17,190
	246,685	225,526
Non-current		
Contract liabilities (Note 3)	**16,223**	–
Other payables	**7,630**	5,451
	23,853	5,451

Other payables in non-current liabilities primarily relate to lease incentives.

26. Provisions

	Deferred contingent consideration 2019 $'000	Legal $'000	Onerous leases 2019 $'000	Restructuring and other costs 2019 $'000	Total 2019 $'000	Total 2018 $'000
At the beginning of the year	96,915	–	2,896	8,634	108,445	72,375
(Release)/charge to income statement	(4,143)	14,250	–	19,030	29,137	4,310
Arising on acquisitions (Note 29)	26,669	–	–	–	26,669	42,408
Utilised during the year	(812)	(14,250)	(1,333)	(12,940)	(29,335)	(10,548)
Unwinding of discount	1,515	–	–	–	1,515	840
Reclassification	(41,566)	–	–	–	(41,566)	–
Translation adjustment	(394)	–	(26)	(619)	(1,039)	(940)
At end of year	78,184	–	1,537	14,105	93,826	108,445
Non-current	73,629	–	564	–	74,193	68,900
Current	4,555	–	973	14,105	19,633	39,545
Total	78,184	–	1,537	14,105	93,826	108,445

Deferred Contingent Consideration

The deferred contingent consideration liability represents the fair value of amounts which may become payable over the period from October 2019 to October 2024 in connection with the acquisition of subsidiaries. Payment is dependent on achieving predetermined targets based on future performance and profitability. During the year, payments were made of $812,000 (2018: $5,911,000) with respect to prior year acquisitions. A further $41,566,000 was transferred to deferred consideration, presented within trade and other payables as there are no longer any contingencies associated with these future payments other than the passage of time. Deferred contingent consideration of $4,143,000 (2018: $11,576,000) in respect of prior year acquisitions was released in the year following a review of expected performance against earn-out targets (Note 9). Further details on the measurement of contingent consideration and sensitivities are disclosed in Note 31.

Onerous Leases

The onerous leases relate to properties that the Group remains committed to following the integration of the businesses acquired in prior years. The properties are being proactively managed. In calculating the provisions, the Group made certain estimates and assumptions in assessing the amount provided. The provisions were calculated by taking into consideration the committed rental charges associated with the premises and the period of time to the earliest date at which the Group can exit from the leases. The cash outflows will be incurred during the period from October 2019 to April 2021.

Restructuring and Other Costs

This provision primarily relates to redundancy costs associated with the implementation of the restructuring of the Group's internal operating structures in Ashfield and Sharp. The Group restructuring provision recognised in the year includes redundancy costs of $13,602,000, onerous contracts of $666,000, plant decommissioning and contract termination costs of $4,496,000 and other costs of $266,000 associated with restructuring the business. The majority of the provision is expected to be settled within one year.

27. Operating Leases

Leases as Lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, the Group is required to make under existing lease agreements.

	2019 $'000	2018 $'000
Less than one year	24,263	24,602
Between one and five years	62,401	62,451
More than five years	38,833	40,002
	125,497	127,055

The Group leases certain property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the leases after the initial period.

28. Deferred Income Tax Assets and Liabilities

The following is an analysis of the movement in the major categories of deferred tax assets/(liabilities) recognised by the Group for the year ended 30 September 2019:

	Property, plant and equipment $'000	Intangible assets $'000	Tax deductible goodwill $'000	Retirement benefit obligation $'000	Short-term temporary differences and other differences $'000	Total $'000
At 1 October 2018	(10,687)	(16,229)	(23,429)	(2,931)	13,323	(39,953)
Recognised in Income Statement	(401)	7,084	(5,202)	301	4,587	6,369
Recognised in Other Comprehensive Income	–	–	–	846	(1,153)	(307)
Arising on acquisition	(2)	(1,505)	–	–	–	(1,507)
Measurement period adjustments (Note 29)	–	–	–	–	1,451	1,451
Exchange differences and other	50	937	(139)	20	(1,006)	(138)
At 30 September 2019	**(11,040)**	**(9,713)**	**(28,770)**	**(1,764)**	**17,202**	**(34,085)**
Analysed as:						
Deferred tax asset	28	(1,021)	(225)	(233)	6,629	5,178
Deferred tax liability	(11,068)	(8,692)	(28,545)	(1,531)	10,573	(39,263)
	(11,040)	(9,713)	(28,770)	(1,764)	17,202	(34,085)

The following is an analysis of the movement in the major categories of deferred tax assets/(liabilities) recognised by the Group for the year ended 30 September 2018:

	Property, plant and equipment $'000	Intangible assets $'000	Tax deductible goodwill $'000	Retirement benefit obligation $'000	Short-term temporary differences and other differences $'000	Total $'000
At 1 October 2017	(9,147)	(15,921)	(29,613)	(4,421)	8,848	(50,254)
Recognised in Income Statement	(1,118)	1,793	6,139	1,260	4,017	12,091
Recognised in Other Comprehensive Income	–	–	–	221	433	654
Arising on acquisition	49	(2,435)	–	–	–	(2,386)
Exchange differences and other	(471)	334	45	9	25	(58)
At 30 September 2018	(10,687)	(16,229)	(23,429)	(2,931)	13,323	(39,953)
Analysed as:						
Deferred tax asset	189	–	–	–	5,083	5,272
Deferred tax liability	(10,876)	(16,229)	(23,429)	(2,931)	8,240	(45,225)
	(10,687)	(16,229)	(23,429)	(2,931)	13,323	(39,953)

No deferred income tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures as the Group does not anticipate additional tax on any ultimate remittance.

As at 30 September 2019, the Group has unused tax losses and other timing differences of $33,450,000 (2018: $26,482,000) in respect of which no deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available. Included in the tax losses not recognised for deferred tax purposes are losses of $28,430,000 (2018: $15,113,000) which will expire within the next nine years. The remaining tax losses carry forward indefinitely.

29. Acquisition of Subsidiary Undertakings

The Group completed the acquisition of 100% of Putnam Associates, LLC ('Putnam') on 20 May 2019. Putnam is a U.S.-based specialist consultancy focused on product commercialisation strategy, exclusively for the life sciences industry. Putnam primarily offers consultancy services across the product life cycle with particular strengths in product commercialisation, pricing, reimbursement and market access strategy. Putnam is presented as part of the Ashfield operating segment. The acquisition of Putnam is in line with Ashfield's strategy to expand its advisory service proposition for its healthcare clients.

On 16 May 2019, the Group completed the acquisition of 100% of the issued share capital of Incisive Health Ltd ('Incisive Health'), a U.K.-based healthcare communications consultancy, operating from offices in London, United Kingdom and Brussels, Belgium. Incisive Health is reported in the Group's Ashfield segment. The combination of Incisive Health with Ashfield Healthcare Communications will further enhance Ashfield's services in the areas of healthcare policy, public affairs and communications services.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the above listed acquisitions due to their recent acquisition dates. Any amendments to these acquisition fair values within the 12-month timeframe from the date of acquisition will be disclosed in the 2020 Annual Report as stipulated by IFRS 3 Business Combinations.

	Putnam $'000	Incisive Health $'000	Total $'000
Property, plant and equipment	1,390	103	1,493
Intangible assets – arising on acquisition	29,860	8,866	38,726
Intangible assets – computer software	–	10	10
Trade and other receivables	11,556	2,372	13,928
Trade and other payables	(4,532)	(1,717)	(6,249)
Current tax liabilities	–	(276)	(276)
Deferred tax liabilities	–	(1,507)	(1,507)
Cash acquired	2,662	2,634	5,296
Net assets acquired	40,936	10,485	51,421
Goodwill	40,476	9,146	49,622
Consideration	81,412	19,631	101,043
Satisfied by:			
Cash consideration	61,756	12,618	74,374
Deferred contingent consideration	19,656	7,013	26,669
Total consideration	81,412	19,631	101,043
Net cash outflow – arising on acquisitions			
Cash consideration	61,756	12,618	74,374
Less: Cash and cash equivalents	(2,662)	(2,634)	(5,296)
Net cash outflow	59,094	9,984	69,078

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the workforce and management teams within the businesses acquired, the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by UDG Healthcare plc to create the combined Group. The goodwill arising from acquisitions that is expected to be tax deductible is $40,476,000.

The intangible assets arising on the acquisitions are primarily related to trade names, client relationships, technology and client contracts (Note 14).

The gross contractual value of trade and other receivables on acquisition amounted to $13,970,000. The fair value of trade and other receivables recognised on acquisition was $13,928,000. No contingent liabilities were recognised on the acquisitions completed during the financial year.

The total transaction related costs for completed and aborted acquisitions amounted to $2,136,000 (2018: $2,374,000). These are presented separately in the Group Income Statement.

Contingent consideration is payable to the sellers of Putnam based on achievement of revenue and adjusted profit targets over a three-year and five-year performance period. Contingent consideration payable to the sellers of Incisive Health is based on the achievement of revenue and adjusted profit targets over 18-month and 36-month performance periods. The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. For contingent consideration to become payable, the pre-defined results thresholds must be achieved by the acquired businesses. On an undiscounted basis, the future payments for which the Group may be liable in respect of current year acquisitions ranges from $nil to $35,485,000.

The Group's results for the year ended 30 September 2019 included the following amounts in respect of the businesses acquired during the year:

	2019 Total $'000
Revenue	**20,885**
Profit for the year	**2,637**

The proforma revenue and profit of the Group for the year ended 30 September 2019 would have been $1,333,332,000 and $60,662,000 respectively had the acquisitions taken place at the start of the reporting period. The proforma results for the year includes the estimate of tax expense and amortisation of intangible assets recognised on acquisition.

During the year, the Group finalised the acquisition accounting for SmartAnalyst Inc which was acquired on 1 July 2018. This led to an increase in deferred tax assets of $1,451,000 and a corresponding decrease in goodwill. The adjusted reported balances for this acquisition are as follows:

	As previously reported $'000	Measurement period adjustment $'000	Final balance sheet $'000
Goodwill	**14,113**	**(1,451)**	**12,662**
Deferred tax assets	**49**	**1,451**	**1,500**

30. Employee Benefits

The aggregate employee costs recognised in the Income Statement are as follows:

	2019 $'000	2018 $'000
Wages and salaries	**550,074**	541,436
Social security contributions	**57,348**	59,990
Pension costs – defined contribution schemes	**11,226**	11,313
Pension costs – defined benefit schemes	**2,981**	1,445
Share-based payment expense	**4,720**	6,643
Termination benefits	**13,602**	13,057
	639,951	633,884

During the year the Group capitalised employee costs amounting to $1,030,000 (2018: $1,572,000) relating to intangible assets – computer software. The Group also capitalised employee costs amounting to $849,000 (2018: $904,000) relating to tangible assets.

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

	2019 Number	2018 Number
Marketing, distribution and selling	**6,193**	6,647
Operational	**1,524**	1,334
Administration	**73**	74
	7,790	8,055

A further 1,232 (2018: 1,217) personnel are employed in the Group's joint ventures.

30. Employee Benefits (continued)

(i) Defined contribution schemes

The Group makes contributions to a number of defined contribution schemes, the assets of which are vested in independent trustees for the benefit of members and their dependants.

(ii) Defined benefit schemes

The following amounts were recognised on the Balance Sheet of the Group in respect of employee benefit schemes as at 30 September:

	2019 $'000	2018 $'000
Employee benefit asset	7,636	12,935
Employee benefit liability	–	–
	7,636	12,935

The Group operates a number of defined benefit schemes as at 30 September as follows:

	2019 $'000	2018 $'000
United States defined benefit scheme (U.S. scheme)	6,795	11,273
Republic of Ireland defined benefit schemes (ROI schemes)	841	1,662
Net surplus	7,636	12,935

On 1 April 2016 the Group completed the disposal of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. Under the terms of the disposal, the Group retained responsibility for the funding requirements in respect of the ROI schemes. Pension accruals under the ROI schemes ceased on 31 December 2015.

Each of the defined benefit schemes operated by the Group are funded by the payment of contributions to separately administered trust funds. The contributions to the schemes are determined with the advice of independent qualified actuaries obtained at regular intervals using the projected unit method of funding. Each defined benefit scheme is independently funded and the assets are vested in the independent trustees for the benefit of members and their dependants. The valuations are not available for public inspection but the results are advised to members of the schemes. The most recent full actuarial valuations for the principal schemes were conducted as at 31 December 2017 for the ROI schemes and 1 January 2019 for the U.S. scheme. Assumed medical costs are not a component of the pension obligations of any of the Group's pension obligations.

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 30 September are as follows:

	ROI schemes		U.S. scheme	
	2019	2018	2019	2018
Increase in salaries	n/a	n/a	2.75%–4.00%	2.75%–4.00%
Increase in pensions	0–1.25%	0–1.60%	0.00%	0.00%
Inflation rate	1.25%	1.60%	2.75%	2.75%
Discount rate	0.85%	2.00%	3.00%	4.10%

The ROI schemes have a remeasurement loss in the current year resulting from changes in the assumptions used to measure liabilities of the plan. The U.S. scheme has a remeasurement gain in the year arising from a higher than expected return on plan assets, and a change in financial assumptions. In the ROI schemes, there is no longer a salary increase assumption due to the accrual of pension benefit ceasing from 1 December 2015.

All schemes used certain mortality rate assumptions when calculating scheme obligations. These are based on advice from published statistics and experience in each geographic region. These assumptions will continue to be monitored in light of general trends in mortality experience. The average life expectancy of a pensioner at age 65, in years, is as follows:

	ROI schemes		U.S. scheme	
	2019	2018	**2019**	2018
Current pensioners				
Male	**21.7**	21.5	**21.0**	21.0
Female	**24.1**	24.0	**24.6**	24.6
Future pensioners				
Male	**24.0**	23.9	**21.3**	21.4
Female	**26.1**	26.0	**25.1**	25.2

The market value of the assets in the pension schemes at 30 September 2019 were:

	%	**ROI 2019 $'000**	**%**	**U.S. 2019 $'000**
Equities:				
– Developed markets	**10**	**3,446**	**35**	**11,634**
– Emerging markets	**–**	**–**	**5**	**1,832**
Bonds:				
– Government	**63**	**21,359**	**38**	**12,790**
– Non-government	**–**	**–**	**22**	**7,361**
Cash	**27**	**9,384**	**–**	**133**
Fair value of scheme assets	**100**	**34,189**	**100**	**33,750**
Present value of scheme obligations		**(33,348)**		**(26,955)**
Employee benefits asset		**841**		**6,795**
Deferred income tax liability		**(233)**		**(1,531)**
Net asset		**608**		**5,264**

The market value of the assets in the pension schemes at 30 September 2018 were:

	%	ROI 2018 $'000	%	U.S. 2018 $'000
Equities:				
– Developed markets	12	3,871	51	17,332
– Emerging markets	–	–	2	705
Bonds:				
– Government	56	18,161	29	9,929
– Non-government	–	–	17	5,732
Property	2	654	–	–
Cash	30	9,723	1	233
Fair value of scheme assets	100	32,409	100	33,931
Present value of scheme obligations		(30,747)		(22,658)
Employee benefits (liability)/asset		1,662		11,273
Deferred income tax asset/(liability)		(390)		(2,540)
Net (liability)/asset		1,272		8,733

30. Employee Benefits (continued)

Movements in Fair Value of Plan Assets

	ROI 2019 $'000	U.S. 2019 $'000	Total 2019 $'000	ROI 2018 $'000	U.S. 2018 $'000	Total 2018 $'000
At 1 October	**32,409**	**33,931**	**66,340**	34,292	32,488	66,780
Interest income on plan assets	**628**	**1,224**	**1,852**	723	969	1,692
Employer contributions	**1,286**	**–**	**1,286**	2,578	–	2,578
Benefit payments	**(1,371)**	**(1,449)**	**(2,820)**	(1,136)	(492)	(1,628)
Return on plan assets excluding interest income	**3,419**	**44**	**3,463**	359	966	1,325
Settlements	**–**	**–**	**–**	(3,904)	–	(3,904)
Translation adjustment	**(2,182)**	**–**	**(2,182)**	(503)	–	(503)
At 30 September	**34,189**	**33,750**	**67,939**	32,409	33,931	66,340

Movements in Present Value of Defined Benefit Obligations

	ROI 2019 $'000	U.S. 2019 $'000	Total 2019 $'000	ROI 2018 $'000	U.S. 2018 $'000	Total 2018 $'000
At 1 October	**30,747**	**22,658**	**53,405**	37,454	20,109	57,563
Current service costs	**–**	**2,981**	**2,981**	–	3,033	3,033
Interest on scheme obligations	**583**	**889**	**1,472**	762	703	1,465
Benefit payments	**(1,371)**	**(1,449)**	**(2,820)**	(1,136)	(492)	(1,628)
Remeasurement (gain)/loss	**(184)**	**148**	**(36)**	(551)	387	(164)
Effect of changes in actuarial assumptions	**5,676**	**1,728**	**7,404**	149	(1,082)	(933)
Settlements	**–**	**–**	**–**	(5,492)	–	(5,492)
Translation adjustment	**(2,103)**	**–**	**(2,103)**	(439)	–	(439)
At 30 September	**33,348**	**26,955**	**60,303**	30,747	22,658	53,405

The remeasurement(loss)/gain on the plan assets and present value of the defined benefit obligation are as follows:

	2019 $'000	2018 $'000
Return on plan assets excluding interest income	**3,463**	1,325
Remeasurement gain on experience variations	**36**	164
Effect of changes in actuarial assumptions:		
– Changes in demographic assumptions	**15**	17
– Changes in financial assumptions	**(7,419)**	916
Total included in Group Statement of Comprehensive Income	**(3,905)**	2,422

Defined Benefit Pension Credit/(Expense) Recognised in the Income Statement

The employee benefit credit/(expense) is analysed as:

	ROI 2019 $'000	U.S. 2019 $'000	Total 2019 $'000
Current service costs	**–**	**(2,981)**	**(2,981)**
Settlements	**–**	**–**	**–**
Interest cost on scheme obligations	**(583)**	**(889)**	**(1,472)**
Interest income on scheme assets	**628**	**1,224**	**1,852**
	45	**(2,646)**	**(2,601)**

	ROI 2018 $'000	U.S. 2018 $'000	Total 2018 $'000
Current service costs	–	(3,033)	(3,033)
Settlements	1,588	–	1,588
Interest cost on scheme obligations	(762)	(703)	(1,465)
Interest income on scheme assets	723	969	1,692
	1,549	(2,767)	(1,218)

Accrual of pension benefits within the ROI schemes ceased with effect from 31 December 2015.

During the prior year a general offer was made to the members of the ROI schemes to transfer their accrued benefits from the schemes in exchange for a fixed monetary amount. Acceptance of the offer was at the discretion of individual members and resulted in a settlement gain of $1,588,000.

The tax effect relating to these items is disclosed in Note 28.

The expected employer's contribution for the year ended 30 September 2020 is $1,595,000.

Expected Maturity Analysis of Undiscounted Pension Benefits

	Less than 1 year $'000	Between 1–2 years $'000	Between 2–5 years $'000	Over 5 years $'000	Total $'000
ROI schemes	**879**	**899**	**2,942**	**5,388**	**10,108**
U.S. scheme	**2,242**	**1,705**	**7,068**	**88,590**	**99,605**
At 30 September 2019	**3,121**	**2,604**	**10,010**	**93,978**	**109,713**
ROI schemes	912	982	3,235	6,057	11,186
U.S. scheme	1,892	1,604	6,069	88,302	97,867
At 30 September 2018	2,804	2,586	9,304	94,359	109,053

Sensitivity Analysis for Principal Assumptions Used to Measure Scheme Liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's pension schemes, the estimated impact on plan obligations resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant. The impact on the defined benefit obligation at 30 September 2019 is calculated on the basis that only one assumption is changed with all other assumptions remaining unchanged. The assessment of the sensitivity analysis below could therefore be limited as a change in one assumption may not occur in isolation as assumptions may be correlated.

Assumption	Change in assumption	Impact on ROI plan liabilities	Impact on U.S. plan liabilities
Discount rate	Increase/Decrease by 0.25%	↑↓ by 4.7%	↑↓ by 2.2%
Price inflation	Increase/Decrease by 0.25%	↑↓ by 2.1%	↑↓ by 0.0%
Mortality	Increase by one year	↑ by 4.3%	↑ by 0.3%

Share-based Payment

	2019 $'000	2018 $'000
Executive Share Option Plan expense	**10**	176
LTIP expense	**4,390**	4,893
Pre-exceptional Share-based payment expense	**4,400**	5,069
LTIP accelerated Share-based payment expense (Note 9)	**320**	1,574
Total share-based payment expense	**4,720**	6,643

$666,000 (2018: $1,669,000) of the total share-based payment expense recognised in the Group Income Statement relates to the directors.

30. Employee Benefits (continued)

Executive Share Option Plan/Executive Share Option Scheme (continued)

The company's Executive Share Option Plan (ESOP) was established during 2010. Under the ESOP share options may be granted to management which may entitle them to purchase shares in the company so as to provide an incentive to perform strongly over an extended period and to encourage alignment of their interests with those of shareholders. Share options granted under the ESOP are exercisable for a period of four years from the third anniversary of the grant date, if adjusted diluted EPS growth is not less than the movement in the Irish Consumer Price Index, plus 3% compounded, over the performance period. There were no share options granted under the ESOP in the current year (2018: nil). In accordance with the terms of the ESOP, share options granted are exercisable at the market price of the underlying share on the last dealing day preceding the date of grant.

The number and weighted average exercise price of outstanding share options under the ESOP are as follows:

	Weighted average exercise price 2019 $'000	Number of share options 2019 $'000	Weighted average exercise price 2018 $'000	Number of share options 2018 $'000
Outstanding at beginning of year	6.95	511	6.69	809
Forfeited during the year	6.24	(13)	6.24	(28)
Exercised during the year	6.84	(213)	6.24	(270)
Outstanding at end of year	7.08	285	6.95	511
Exercisable at end of year	7.08	285	6.23	106

The weighted average share price at the date of exercise of share options during the year was $8.73 (2018: $11.07). The weighted average remaining contractual life for the share options outstanding at 30 September 2019 was 3.9 years (2018: 4.54 years).

At 30 September 2019, the range of exercise prices of outstanding share options was from $6.24 to $7.78 (2018: $4.30 to $7.78).

Analysis of ESOP Share Options Outstanding at Year End

Share option by exercise price:

	Exercise price £	Number of options 2019 $'000	Number of options 2018 $'000
	5.13	155	237
	2.68	–	1
	3.73	130	273
Total options outstanding – sterling denominated		285	511

LTIP

The Company's LTIP was established during 2010. The terms of share options granted under the LTIP during the year are set out in the Directors' Remuneration Report on pages 82 to 99. During the year 1,031,826 (2018: 690,672) share options were granted under the LTIP. In accordance with the terms of the LTIP, share options awarded are exercisable at the nominal value of the underlying share as at the date of grant.

A summary of the details in respect of share options granted under the LTIP in 2019 and 2018 is set out below.

	2019 Market-based awards	2019 Market-based awards	2019 Non-market-based awards	2019 Market-based awards	2019 Non-market-based awards	2019 Market-based awards	2019 Non-market-based awards	2019 Market-based awards	2019 Market-based awards
Grant date	**22/05/2019**	**04/12/2018**	**04/12/2018**	**04/12/2018**	**04/12/2018**	**04/12/2018**	**04/12/2018**	**04/12/2018**	**04/12/2018**
Fair value at grant date	**$8.20**	**$5.52**	**$8.57**	**$5.52**	**$8.57**	**$5.52**	**$8.57**	**$8.11**	**$7.94**
Share price at grant date	**$8.74**	**$8.63**	**$8.63**	**$8.63**	**$8.63**	**$8.63**	**$8.63**	**$8.63**	**$8.63**
Exercise price	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$0.06**
Expected volatility	**27.53%**	**25.69%**	**25.69%**	**25.69%**	**25.69%**	**25.69%**	**25.69%**	**25.69%**	**25.69%**
Expected life	**3.5 years**	**6 years**	**6 years**	**3.5 years**	**3.5 years**	**5 years**	**5 years**	**3.5 years**	**5 years**
Risk-free interest rate	**0.71%**	**0.93%**	**0.93%**	**0.76%**	**0.76%**	**0.87%**	**0.87%**	**0.76%**	**0.87%**
Valuation model	**Black-Scholes option pricing model**	**Black-Scholes option pricing model**	**Monte Carlo option pricing model**	**Black-Scholes option pricing model**	**Monte Carlo option pricing model**	**Black-Scholes option pricing model**	**Monte Carlo option pricing model**	**Black-Scholes option pricing model**	**Black-Scholes option pricing model**
Performance period	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**
Vesting period	**3 years**	**5 years**	**5 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**

	2018 Non-market-based awards	2018 Non-market based awards	2018 Market-based awards	2018 Non-market-based awards	2018 Market-based awards
Grant date	23/05/2018	26/02/2018	05/12/2017	05/12/2017	05/12/2017
Fair value at grant date	$11.09	$11.21	$5.54	$10.57	$5.73
Share price at grant date	$11.76	$11.73	$11.42	$11.42	$11.42
Exercise price	$0.06	$0.06	$0.06	$0.06	$0.06
Expected volatility	23.0%	23.0%	19.32%	19.32%	19.32%
Expected life	5 years	3 years	6 years	6 years	4 years
Risk-free interest rate	1.10%	0.91%	0.98%	0.98%	0.71%
Valuation model	Black-Scholes option pricing model	Black-Scholes option pricing model	Monte Carlo simulation	Monte Carlo option pricing model	Monte Carlo simulation
Performance period	3 years	3 years	3 years	3 years	3 years
Vesting period	3 years	3 years	5 years	5 years	3 years

	2018 Non-market-based awards	2018 Market-based awards	2018 Non-market-based awards	2018 Non-market-based awards	2018 Non-market-based awards
Grant date	05/12/2017	05/12/2017	05/12/2017	05/12/2017	05/12/2017
Fair value at grant date	$10.88	$5.73	$10.88	$10.79	$10.56
Share price at grant date	$11.42	$11.42	$11.42	$11.42	$11.42
Exercise price	$0.06	$0.06	$0.06	$0.06	$0.06
Expected volatility	19.32%	19.32%	19.32%	19.32%	19.32%
Expected life	4 years	5 years	5 years	4 years	5 years
Risk-free interest rate	0.71%	0.89%	0.89%	0.71%	0.89%
Valuation model	Monte Carlo option pricing model	Monte Carlo simulation	Monte Carlo option pricing model	Monte Carlo option pricing model	Monte Carlo option pricing model
Performance period	3 years	3 years	3 years	3 years	3 years
Vesting period	3 years	3 years	3 years	3 years	3 years

30. Employee Benefits (continued)

LTIP (continued)

The number and weighted average exercise price of outstanding share options under the LTIP are as follows:

	Weighted average exercise price 2019 $'000	Number of share options 2019 $'000	Weighted average exercise price 2018 $'000	Number of share options 2018 $'000
Outstanding at beginning of year	0.06	3,238	0.06	2,922
Forfeited during the year	0.06	(512)	0.06	(259)
Exercised during the year	0.06	(422)	0.06	(116)
Granted during the year	0.06	1,032	0.06	691
Outstanding at end of year	0.06	3,336	0.06	3,238
Exercisable at end of year	0.06	373	0.06	476

The weighted average share price at the date of exercise of share options during the year was $9.34 (2018: $10.94). The weighted average remaining contractual life for the share options outstanding at 30 September 2019 was 4.07 years (2018: 4.35 years).

31. Financial Instruments and Financial Risk

Fair Values Versus Carrying Amounts

The fair value of financial assets and liabilities together with the carrying amounts shown in the Balance Sheet are as follows:

30 September 2019	Fair value through profit or loss $'000	Fair value through OCI $'000	Amortised cost $'000	Total carrying value $'000	Fair value $'000
Trade and other receivables (Note 17)	–	–	344,918	344,918	344,918
Derivative financial assets	1,944	22,329	–	24,273	24,273
Cash and cash equivalents	–	–	135,228	135,228	135,228
	1,944	22,329	480,146	504,419	504,419
Trade and other payables (Note 25)	–	–	182,466	182,466	182,466
Interest-bearing loans and borrowings (Note 24)	–	–	239,982	239,982	242,815
Finance lease liabilities (Note 24)	–	–	49	49	49
Deferred contingent consideration (Note 26)	78,184	–	–	78,184	78,184
	78,184	–	422,497	500,681	503,514

30 September 2018	Cash flow hedges $'000	Fair value through profit or loss $'000	Receivables $'000	Liabilities at amortised cost $'000	Total carrying value $'000	Fair value $'000
Trade and other receivables (Note 17)	–	–	318,339	–	318,339	318,339
Derivative financial assets	1,860	944	–	–	2,804	2,804
Cash and cash equivalents	–	–	180,099	–	180,099	180,099
	1,860	944	498,438	–	501,242	501,242
Trade and other payables (Note 25)	–	–	–	163,646	163,646	163,646
Derivative financial liabilities	319	–	–	–	319	319
Interest-bearing loans and borrowings (Note 24)	–	–	–	243,318	243,318	247,088
Finance lease liabilities (Note 24)	–	–	–	53	53	53
Deferred contingent consideration (Note 26)	–	96,915	–	–	96,915	96,915
	319	96,915	–	407,017	504,251	508,021

The fair values of the financial assets and liabilities not measured at fair value disclosed in the above tables have been determined using the methods and assumptions set out below.

Trade and Other Receivables/Payables

For receivables and payables, the carrying value less impairment provision is deemed to reflect fair value, where appropriate.

Cash and Cash Equivalents

For cash and cash equivalents, the nominal amount is deemed to reflect fair value.

Interest-bearing Loans and Borrowings (Excluding Finance Lease Liabilities)

The fair value of interest-bearing loans and borrowings is based on the fair value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for movements in credit spreads.

Finance Lease Liabilities

For finance lease liabilities, fair value is the present value of future cash flows discounted at current market rates.

Valuation Techniques and Significant Unobservable Inputs

Fair Value Hierarchy of Assets and Liabilities Measured at Fair Value

The Group has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at the fair values at the year end:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the fair value of all financial assets and liabilities that are measured at fair value:

Fair value measurement as at 30 September 2019

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value				
Designated as hedging instruments				
Cross-currency interest rate swaps	–	**24,273**	–	**24,273**
	–	**24,273**	–	**24,273**
Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	–	–	**78,184**	**78,184**
	–	–	**78,184**	**78,184**

Fair value measurement as at 30 September 2018

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value				
Designated as hedging instruments				
Cross-currency interest rate swaps	–	2,804	–	2,804
	–	2,804	–	2,804
Liabilities measured at fair value				
Designated hedging instruments				
Cross-currency interest rate swaps	–	319	–	319
At fair value through profit or loss				
Deferred contingent consideration	–	–	96,915	96,915
	–	319	96,915	97,234

31. Financial Instruments and Financial Risk (continued)

Derivative Financial Instruments

	2019 $'000	2018 $'000
Derivative financial assets		
Current	**8,878**	2,474
Non-current	**15,395**	330
	24,273	2,804
Derivative financial liabilities		
Non-current	**–**	319
	–	319
Net derivative financial asset	**24,273**	2,485

Summary of derivatives:

	Amount of financial assets/ liabilities as presented in the Balance Sheet $'000	Related amounts not offset in the Balance Sheet $'000	2019 Net $'000	Amount of financial assets/ liabilities as presented in the Balance Sheet $'000	Related amounts not offset in the Balance Sheet $'000	2018 Net $'000
Derivative financial assets	**24,273**	**–**	**24,273**	2,804	–	2,804
Derivative financial liabilities	**–**	**–**	**–**	319	–	319

All derivatives entered into by the Group are included in Level 2 of the fair value hierarchy and consist of cross-currency interest rate swaps. The fair value of cross-currency interest rate swaps is calculated at the present value of the estimated future cash flows based on the terms and maturity of each contract using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include, where appropriate, adjustments to take account of the credit risk of the Group entity and counterparty.

The fair value of cross-currency interest rate swaps of $24,273,000 (2018: $2,485,000) is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates.

The swaps are a mixture of fixed to fixed and fixed to floating rate swaps. The Group classifies the fixed to floating swap as a fair value hedge and has stated it at its fair value with a corresponding opposite adjustment to the underlying debt for the risk being hedged. Both of these adjustments are recorded within the Income Statement and to the extent they do not offset, this represents the ineffective portion of the fair value hedge. The fair value of this swap at 30 September 2019 was an asset of $1,944,000 (2018: asset of $944,000).

The fixed to fixed rate cross-currency interest rate swaps are classified as cash flow hedges and are stated at their fair value. The fair value of these swaps at 30 September 2019 was an asset of $22,329,000 (2018: net asset of $1,541,000), and the effective portion of this adjustment was accounted for in the cash flow hedge reserve through Other Comprehensive Income.

The interest element of the cash flow hedges will be recognised in the Income Statement in the years to 30 September 2025, as the associated interest on the hedged debt is recognised.

Deferred Contingent Consideration

Deferred contingent consideration is included in Level 3 of the fair value hierarchy. Details of the movement in the year are included in Note 26. The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition. The provision for deferred contingent consideration is principally in respect of acquisitions completed during 2017 to 2019.

The significant unobservable inputs are:

- forecast weighted average EBIT growth rate 19% (2018: 24%); and
- risk adjusted discount rate 0.7%–2.8% (2018: 0.02%–2.75%).

Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement

The estimated fair value would increase/(decrease) if:

- the EBIT growth rate was higher/(lower); and
- the risk adjusted discount rate was lower/(higher).

For the fair value of deferred contingent consideration, a reasonably possible change to one of the significant unobservable inputs at 30 September 2019, holding the other inputs constant, would have the following effects:

	Increase $'000	Decrease $'000
Effect of change in assumption on income statement:		
Annual EBIT growth rate (1% movement)	1,740	(1,750)
Risk-adjusted discount rate (1% movement)	(1,857)	1,891

Capital Management

The Board considers capital to consist of equity (share capital, share premium and retained earnings) and net debt. The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the ongoing development of the Group. The directors periodically review the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board monitors the return on equity generated by the Group and the level of dividends paid to shareholders. There were no changes to the Board's approach to capital management during the year.

	2019 $'000	2018 $'000
Capital and reserves attributable to the equity holders of the Company	900,356	885,172
Net debt	80,530	60,787
Capital and net debt	**980,886**	945,959

Financial Ratios

Financial covenants in our principal debt facilities are based on net debt to EBITDA being less than 3.5 times and EBITDA interest cover being greater than three times.

	2019 times	2018 times
Net debt to EBITDA	0.4	0.3
EBITDA interest cover	28.1	22.0

Financial Risk Management

The Group's multinational operations expose it to different financial risks that include foreign exchange rate risks, credit risks, liquidity risks and interest rate risks. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined the policies for managing these risks as set out below.

Credit Risk

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, clients' track record and historic default rates. Individual credit limits are generally set by client and credit is only extended above such limits in defined circumstances.

The Group establishes an impairment provisions matrix based on an expected credit loss model in respect of trade and other receivables (Note 17). Where the Group considers that no recovery of the amount owing is possible, the amount is considered irrecoverable and is written off directly against the receivable.

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high quality institutions and by a policy limiting the amount of credit exposure to any one bank or institution. Of the Group's total cash and cash equivalents at 30 September 2019 of $135,228,000, 56% was with financial institutions with a Standard & Poor's A1 short-term credit rating, 31% with financial institutions with A2 short-term credit ratings and the balance, which are individually small, are held with regulated financial institutions in the jurisdictions in which the Group operates.

31. Financial Instruments and Financial Risk (continued)

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest Rate Risk

The majority of the Group's ongoing operations are financed from a mixture of cash generated from operations and borrowings. Other than the U.S. dollar private placement borrowings which are secured at fixed interest rates, borrowings are initially secured at floating interest rates and interest rate risk is monitored on an ongoing basis.

A reduction of one hundred basis points in interest rates at the reporting date would have increased profit before tax by the amounts shown below assuming all other variables including foreign currency rates remain constant. An increase of 100 basis points on the same basis would reduce profit before tax by $138,000 (2018: $145,000).

Effect of reduction of one hundred basis points:

	2019 $'000	2018 $'000
Profit before tax	138	145

The Group adopts a policy of ensuring that at least 50% of its interest rate risk exposure is at fixed rates. This is achieved through cross currency interest rate swaps and by borrowing at fixed interest rates. The Group applies a hedge ratio of 1:1.

Summary of derivatives at 30 September 2019

	Termination date	Nature of hedging instrument	Notional payable amount of contracts outstanding €'000	Notional receivable amount of contracts outstanding ($'000)	Fair value asset ($'000)
Cross-currency Interest Rate Swap	2020	Fixed USD interest rate to floating Euro interest rate	12,195	15,000	1,944
Cross-currency Interest Rate Swap	2020	Fixed USD interest rate to fixed Euro interest rate	40,650	50,000	5,071
Cross-currency Interest Rate Swap	2023	Fixed USD interest rate to fixed Euro interest rate	80,707	105,000	13,433
Cross-currency Interest Rate Swap	2025	Fixed USD interest rate to fixed Euro interest rate	26,902	35,000	3,825
Total fair value of derivatives					24,273

Currency Risk

Structural Currency Risk

A significant proportion of the Group's operations are carried out in the U.K. and Europe and as a result the Group is exposed to structural currency fluctuations in respect of sterling and the euro. Where practical, the Group finances investments through borrowings denominated in the same currency in which the related cash flows will be generated. To the extent that the non-U.S. dollar-denominated assets and liabilities of the Group do not offset, the Group is exposed to structural currency risk. Such movements are reported through the Group Statement of Comprehensive Income.

Euro and sterling-denominated profits are translated into U.S. dollars at the average rate of exchange for the financial year. The average rate at which euro profits were translated during the year was $1:€0.8865 (2018: $1:€0.8403) and sterling profits were translated at $1:£0.7839 (2018: $1:£0.7436).

The Group is also subject to translational currency risk on the translation of profits earned outside of the U.S.

Transactional Currency Risk

The euro is the principal currency of the Group's Irish and Continental European businesses, sterling is the principal currency for the Group's U.K. businesses and the U.S. dollar is the principal currency for the Group's U.S. businesses. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot and forward rates where necessary. Details of the Group's transactional foreign currency risk at 30 September 2019 and 2018 arising from foreign currency transactions are set out in the table below.

	Euro 2019 $'000	Sterling 2019 $'000	U.S. dollar 2019 $'000	Total 2019 $'000
Cash and cash equivalents	3,134	3,381	1,052	7,567
Trade receivables	11,016	81	10,094	21,191
Trade and other payables	(1,260)	(21)	(114)	(1,395)
	12,890	3,441	11,032	27,363

	Euro 2018 $'000	Sterling 2018 $'000	U.S. dollar 2018 $'000	Total 2018 $'000
Cash and cash equivalents	483	167	1,330	1,980
Trade receivables	11,760	692	8,611	21,063
Trade and other payables	(1,996)	(311)	(452)	(2,759)
	10,247	548	9,489	20,284

Sensitivity Analysis on Transactional Currency Risk

For the purposes of performing sensitivity analysis on transactional currency risk, financial assets and liabilities outstanding at the balance sheet date denominated in a currency other than the functional currency of individual entities, have been aggregated by currency and the impact of a 5% strengthening of the U.S. dollar against the relevant currency calculated. This analysis assumes that all other variables, in particular interest rates, remain constant.

Euro

Based on the value of euro-denominated financial assets and liabilities held by individual entities with a functional currency other than the euro, a 5% strengthening of the U.S. dollar against the euro at 30 September 2019 and 30 September 2018 would have increased equity and profit after tax by the amounts shown below:

	2019 $'000	2018 $'000
Profit after tax	558	439

Sterling

Based on the value of sterling-denominated financial assets and liabilities held by individual entities with a functional currency other than sterling, a 5% strengthening of the U.S. dollar against sterling at 30 September 2019 and 30 September 2018 would have increased equity and profit after tax by the amounts shown below:

	2019 $'000	2018 $'000
Profit after tax	149	29

31. Financial Instruments and Financial Risk (continued)

Funding and Liquidity

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group uses a combination of long and short-term debt and cash and cash equivalents to meet its liabilities as they fall due. This is in addition to the Group's strong cash flow generation. The Group believes it has sufficient cash resources and bank debt facilities at its disposal, which provides flexibility in financing existing operations, acquisitions and other developments.

The following are the undiscounted contractual maturities of financial instruments, including interest payments and excluding the impact of netting arrangements:

30 September 2019	Carrying amount $'000	Contractual cash flow $'000	6 months or less $'000	6–12 months $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Non-derivative financial instruments							
Bank borrowings	**(707)**	**(678)**	**320**	**(125)**	**(250)**	**(623)**	**–**
Finance leases	**49**	**50**	**12**	**12**	**26**	**–**	**–**
Floating rate unsecured guaranteed senior notes	**15,223**	**13,437**	**84**	**13,353**	**–**	**–**	**–**
Fixed rate unsecured guaranteed senior notes	**225,466**	**237,129**	**3,940**	**51,050**	**5,716**	**120,123**	**56,300**
Trade and other payables	**182,466**	**182,466**	**178,216**	**4,250**	**–**	**–**	**–**
Deferred contingent consideration	**78,184**	**93,505**	**3,813**	**750**	**37,989**	**50,953**	**–**
Derivative financial instruments							
Cash flow hedges	**(22,329)**	**(26,008)**	**(432)**	**(5,599)**	**(627)**	**(13,175)**	**(6,175)**
Fair value hedges	**(1,944)**	**(1,967)**	**(12)**	**(1,955)**	**–**	**–**	**–**
	476,408	**497,934**	**185,941**	**61,736**	**42,854**	**157,278**	**50,125**

30 September 2018	Carrying amount $'000	Contractual cash flow $'000	6 months or less $'000	6–12 months $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Non-derivative financial instruments							
Bank borrowings	327	357	357	–	–	–	–
Finance leases	53	55	33	13	9	–	–
Floating rate unsecured guaranteed senior notes	15,090	14,565	101	101	14,363	–	–
Fixed rate unsecured guaranteed senior notes	227,901	247,929	3,979	3,979	55,066	125,073	59,832
Trade and other payables	163,646	163,646	163,646	–	–	–	–
Deferred contingent consideration	96,915	102,052	26,803	2,800	27,792	44,657	–
Derivative financial instruments							
Cash flow hedges	(1,541)	(1,685)	(27)	(27)	(374)	(850)	(407)
Fair value hedges	(944)	(971)	(7)	(7)	(957)	–	–
	501,447	525,948	194,885	6,859	95,899	168,880	59,425

Maturity Profile of Net Debt

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

30 September 2019	Effective interest rate	Total $'000	Less than 1 year $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Cash at bank and short-term deposits	1.54%	135,228	135,228	–	–	–
Other loans and borrowings	14.00%	707	(166)	250	623	–
Finance leases	1.51%	(49)	(19)	(30)	–	–
Floating rate unsecured guaranteed senior notes	1.27%	(15,223)	(15,223)	–	–	–
Fixed rate unsecured guaranteed senior notes	3.73%	(225,466)	(49,888)	111	(117,838)	(57,851)
Total loan notes		(240,689)	(65,111)	111	(117,838)	(57,851)
Total before derivatives		(104,803)	69,932	331	(117,215)	(57,851)
Derivatives		24,273	8,878	1,726	11,861	1,808
Net (debt)/cash		(80,530)	78,810	2,057	(105,354)	(56,043)

30 September 2018	Effective interest rate	Total $'000	Less than 1 year $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Cash at bank and short-term deposits	1.18%	180,099	180,099	–	–	–
Other loans and borrowings	18.00%	(327)	(327)	–	–	–
Finance leases	1.51%	(53)	(45)	(8)	–	–
Floating rate unsecured guaranteed senior notes	1.43%	(15,090)	28	(15,118)	–	–
Fixed rate unsecured guaranteed senior notes	3.78%	(227,901)	72	(49,927)	(118,729)	(59,317)
Total loan notes		(242,991)	100	(65,045)	(118,729)	(59,317)
Total before derivatives		(63,272)	179,827	(65,053)	(118,729)	(59,317)
Derivatives		2,485	2,474	1,697	111	(1,797)
Net (debt)/cash		(60,787)	182,301	(63,356)	(118,618)	(61,114)

The effect of the derivatives included above has been to swap U.S. dollar-denominated debt to euro-denominated debt and to partially swap fixed rate interest into floating rate interest.

Movements of Liabilities Within Cash Flows from Financing Activities

	Interest-bearing loans and liabilities 2019 $'000	Interest-bearing loans and liabilities 2018 $'000
At the beginning of the year	243,371	244,135
Changes from financing cash flows:		
– Repayments of interest-bearing loans and borrowings	(1,859)	(2,118)
– Proceeds from interest-bearing loans and borrowings	1,928	2,507
– Loan set up costs incurred	(1,123)	–
– Capital repayments of finance leases	(5)	(111)
Currency translation adjustment	(2,281)	(1,042)
At end of year	240,031	243,371
Presented as		
Current	65,297	272
Non-current	174,734	243,099
	240,031	243,371

32. Capital Commitments

Capital expenditure authorised but not contracted for amounted to $13,170,000 (2018: $8,502,000) at the balance sheet date.

33. Related Parties

The Group trades in the normal course of business with its joint venture undertakings. The aggregate value of these transactions is not material in the context of the Group's financial results.

Magir Limited, the Group's joint venture investment, has been classified as an asset held for sale at 30 September 2019. The Group has provided a loan to Magir, gross of interest, of Stg£11,759,000 (2018: Stg£11,371,000).

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Group's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. UDG Healthcare plc classifies directors, the Company Secretary and members of its SET as key management personnel. The SET is the body of senior executives that formulates business strategy along with the directors, follows through on implementation of that strategy and directs and controls the activities of the Group on a day-to-day basis. In addition to the executive directors, the following individuals were members of the SET during the year ended 30 September 2019:

Name	Title
Eleanor Garvey	Group Head of Quality and Compliance
Eimear Kenny	Group Head of Human Resources
Liam Logue	Executive Vice President, Corporate Development
Mike O'Hara	Managing Director of Sharp
Damien Moynagh	General Counsel and Company Secretary
Julian Tompkins	President of Ashfield Commercial & Clinical
Doug Burcin	President of Ashfield Healthcare Communications
Rob Wood	Global President of Advisory Services and Business Development

Remuneration of Key Management Personnel

	2019 $'000	2018 $'000
Salaries and other short-term benefits	**7,382**	7,480
Post-employment benefits	**714**	966
Share-based payment (calculated in accordance with the principles disclosed in Note 30)	**2,255**	3,588
Termination benefits	**919**	559
	11,270	12,593

Details of the remuneration of the Group's individual directors, together with the number of UDG Healthcare plc shares owned by them and their outstanding share options, are set out in the Directors' Remuneration Report.

34. Change in Accounting Policies

New and amended standards and interpretations effective during 2019

The Group's significant accounting policies outlined in Note 1 reflect the requirements of new IFRS accounting standards and interpretations effective for the Group during 2019. This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements and the new accounting policies that have been applied from 1 October 2018, where they are different to those applied and disclosed in the 2018 Annual Report.

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard sets out the requirements for the classification, measurement and derecognition of financial assets and financial liabilities, contains new rules for hedge accounting, and introduces a new model for impairment of financial assets. The Group has adopted IFRS 9 from 1 October 2018, with the practical expedients permitted under the standard. Comparatives for 2018 have not been restated.

The impact of adopting IFRS 9 on the financial statements was not material for the Group and there were no adjustments to retained earnings on application at 1 October 2018. The main impact on accounting policies are outlined below.

Financial instrument classification

IFRS 9 largely retains the existing requirements for the classification and measurement of financial liabilities. The standard contains three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Classification of financial assets is dependent on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without future recycling on derecognition. The Group reviewed the classification of financial instruments at 1 October 2018 and determined the following classifications (Note 31):

Financial instruments	1 October 2018 $'000	IAS 39 classification	IFRS 9 classification
Financial assets			
Trade and other receivables	318,339	Loans and receivables	Amortised cost
Derivative financial assets	2,804	Fair value (hedge accounting)	Fair value (hedge accounting)
Cash and cash equivalents	180,099	Loans and receivables	Amortised cost
Financial liabilities			
Trade and other payables	163,646	Amortised cost	Amortised cost
Derivative financial liabilities	319	Fair value (hedge accounting)	Fair value (hedge accounting)
Interest-bearing loans and borrowings	243,318	Amortised cost	Amortised cost
Deferred contingent consideration	96,915	Fair value through profit or loss	Fair value through profit or loss

The classification requirements in IFRS 9 did not impact the measurement or carrying amount of financial assets and liabilities.

Impairment of financial assets

The Group adopted a new impairment model for financial assets classified at amortised cost, which requires the recognition of provisions for impairment based on expected credit losses rather than only on incurred credit losses under the previous standard. For trade receivables, the Group applies the simplified approach in IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision (Note 17). The change in the impairment methodology from adopting IFRS 9 did not result in a material change in the Group's allowance for impairment at 1 October 2018.

Hedge accounting

The Group adopted the new general hedge accounting model in IFRS 9. The standard simplifies the requirements for hedge effectiveness. IFRS 9 requires an economic relationship between the hedged item and hedging instrument, and for the 'hedged ratio' to be the same as the one that the Group uses for risk management purposes. The Group's hedge documentation has been updated in line with the new standard and the Group concluded that the existing hedge relationships qualified as continuing hedges on adoption of IFRS 9 (Note 31).

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. IFRS 15 establishes a five-step model for reporting revenue recognition. The standard specifies how and when revenue should be recognised as well as requiring enhanced disclosures.

The Group's revenue recognition accounting policy under IFRS 15 and the previous revenue recognition policy are outlined in Note 1.

Implementation of IFRS 15

The Group adopted IFRS 15 following an extensive implementation project. The IFRS 15 assessment included a detailed review of revenue contracts across the Group. The Group Finance function co-ordinated the IFRS 15 assessment and implementation with the inclusion of key representatives from Divisional Finance. There was a comprehensive approach to analysing the impact of the standard through reviewing contracts with customers and reporting on the impact of the new standard on the revenue contracts and revenue streams.

IFRS 15 was adopted by the Group on 1 October 2018 using the modified retrospective approach which permitted the Group to apply the new standard from 1 October 2018 with an adjustment to the opening balance of retained earnings at 1 October 2018 for the cumulative effect of applying the new standard to existing contracts that were not completed contracts on transition. The cumulative impact on opening retained earnings was a net increase of $3,822,000. The impact of adopting the new standard on the Group Balance Sheet as at 1 October 2018 is outlined as follows:

34. Change in Accounting Policies (continued)

	30 September 2018 Previously reported $'000	IFRS 15 Adjustments $'000	1 October 2018 Adjusted $'000
Non-Current assets			
Contract fulfilment assets	–	2,852	2,852
Deferred income tax assets	5,272	406	5,678
Current assets			
Inventories	31,248	(12,846)	18,402
Trade and other receivables [1]	347,192	16,271	363,463
Contract fulfilment assets	–	4,153	4,153
Equity			
Retained earnings	808,647	3,822	812,469
Non-current liabilities			
Other payables [2]	5,451	2,900	8,351
Deferred income tax liabilities	45,225	1,180	46,405
Current liabilities			
Trade and other payables [2]	225,526	2,934	228,460

1 Impact relates to contract assets and contract fulfilment assets
2 Impact relates to contract liabilities

The most significant impact of the new standard relates to revenue recognition for packaging contracts in Sharp. Previously, revenues from packaging contracts were recognised primarily on dispatch of products. Under IFRS 15, where the Group produces products for customers that have no alternative use and for which the Group has concluded there is an enforceable right to payment for performance completed to date, the standard requires the Group to recognise revenue over time as the Group satisfies the contractual performance obligations. This can have the effect of accelerating the timing of revenue recognition from these contracts, such that some portion of revenue may be recognised prior to shipment or delivery of products by Sharp. This resulted in a decrease in inventory on the date of adoption for the products where revenue is recognised over time. The Group recognised contract assets on the Balance Sheet (within trade and other receivables) for the amounts of revenue recognised prior to dispatch which had not yet been invoiced to the customer.

The Group recognised contract fulfilments assets for certain direct costs related to contracts prior to commencement of services in the contract. Previously, such costs were expensed as incurred. IFRS 15 resulted in the deferral of some set-up fee revenues that are presented as contract liabilities (within trade and other payables), which the Group recognises as revenue over time as the performance obligations in the contracts are satisfied.

The prior year results and financial position as reported under the previous standard have not been restated. The impact of the adoption of the new revenue standard on the Group's financial statements is outlined on the following tables.

Group Income Statement

	Year ended 30 September 2019		
	As reported $'000	IFRS 15 impact of adoption $'000	Balances without adoption of IFRS 15 $'000
Revenue	1,298,523	10,943	1,309,466
Cost of sales	(920,010)	(7,392)	(927,402)
Gross profit	378,513	3,551	382,064
Operating profit	120,317	3,551	123,868
Profit before tax	112,187	3,551	115,738
Income tax expense	(20,951)	(727)	(21,678)
Profit for the financial period before exceptional items	91,236	2,824	94,060
Exceptional items	(33,745)	–	(33,745)
Profit for the financial period after exceptional items	57,491	2,824	60,315
Profit attributable to owners of the parent	57,451	2,824	60,275
Basic earnings per share – cent	23.06	1.14	24.20
Diluted earnings per share – cent	22.92	1.13	24.05

Group Statement of Comprehensive Income

Profit for the financial year	57,491	2,824	60,315
Total comprehensive income for the year	45,827	2,824	48,651
Total comprehensive income attributable to owners of the parent	45,791	2,824	48,615

Group Balance Sheet

	As at 30 September 2019		
	As reported $'000	IFRS 15 impact of adoption $'000	Balances without adoption of IFRS 15 $'000
Non-current assets			
Other receivables [1]	–	1,156	1,156
Contract fulfilment assets	5,327	(5,327)	–
Current assets			
Inventories	25,253	7,851	33,104
Trade and other receivables [1]	370,350	(11,676)	358,674
Contract fulfilment assets	5,315	(5,315)	–
Equity			
Retained earnings	829,459	(998)	828,461
Non-current liabilities			
Other payables [2]	23,853	(5,827)	18,026
Deferred income tax liabilities	39,263	62	39,325
Current liabilities			
Trade and other payables [2]	246,685	(6,439)	240,246
Current income tax liabilities	14,380	(109)	14,271

1 Impact relates to contract assets and contract fulfilment assets
2 Impact relates to contract liabilities

There was no impact on non-controlling interests. The impact on the foreign currency translation reserve and other comprehensive income was not material as the majority of the IFRS 15 impact related to the Group's U.S. operations which report in U.S. dollars, the presentation currency of the Group. There was no impact on cash generated from operations.

35. Transition to IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The standard is effective for the Group for the period beginning on 1 October 2019. The standard addresses the definition of a lease, recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about leasing activities. A key change arising from IFRS 16 is that most of the leases currently accounted for as operating leases under the existing standard, will be accounted for on the Balance Sheet, similar to the accounting for finance leases currently.

The Group has substantially completed its transition to IFRS 16 at 30 September 2019. The IFRS 16 transition was led by Group Finance and involved a cross functional project team to implement the new standard across all of the Group's subsidiaries. Lease information was gathered from across the Group and assessed to determine the accounting treatment under IFRS 16. The Group implemented a system solution to ensure consistency and accuracy of the lease accounting. Accounting for leases under IFRS 16 is at the subsidiary level with review at Divisional and Group level.

The following accounting policies will be applied on transition to IFRS 16:

- The Group is applying the modified retrospective approach to transition at 1 October 2019. With this approach, lease liabilities and right of use assets will be recognised for the remaining lease payments on identified lease contracts at date of application, discounted at the appropriate incremental borrowing rate;
- Right of use assets will be measured at the amount equal to the lease liabilities, adjusted by the amount of any related prepaid or accrued lease payments recognised on the balance sheet at 30 September 2019;
- The Group will apply the recognition exemption for both short-term leases with a duration of 1 year or less, and leases of low value assets. Such leases will continue to be accounted for on a straight-line expense basis;
- The Group will separate non-lease components for property, plant and motor vehicle leases;
- For all lease contracts in existence at 1 October 2019, the Group will retain the assessment made under IAS 17 and IFRIC 4 as to whether such contracts contain a lease and will not re-assess these leases on transition to the new standard.

Impact on the Balance Sheet

The Group has provisionally determined that the adoption of this new standard will lead to the recognition of lease liabilities of $94,413,000 and corresponding right of use assets of $94,413,000. Existing lease related balances of $12,983,000 at 1 October 2019 will be offset with the right of use assets, resulting in a net right of use asset of $81,430,000. The weighted average discount rate applied in calculating the lease liabilities on transition was 3.23%. The adoption of IFRS 16 will increase interest-bearing borrowings by the amount of the lease liabilities. Right of use assets will be presented separately on the Group Balance Sheet.

Impact on the Income Statement

Operating lease expenses are presented within cost of sales and operating expenses depending on the nature of the lease. Under IFRS 16, the operating lease expense will be replaced by depreciation of the right of use assets and interest expense on the lease liabilities. The depreciation of the right of use assets will continue to be presented within cost of sales and operating expenses as appropriate. This is expected to result in a small increase in operating profit as the interest expense on the leases will be presented within finance costs.

Impact on the Cash Flow Statement

Operating lease payments are currently classified within cash flows from operating activities. Under IFRS 16, the lease payments will be separated. The interest element of the lease payment will be classified in cash flows from operating activities and the capital lease payments will be classified in cash flows from financing activities.

The Group's total future minimum lease payments under non-cancellable operating leases at 30 September 2019 amounted to $125,497,000 (Note 27), and are reconciled to the expected lease liability at 1 October 2019 as follows:

Reconciliation of operating lease commitments to IFRS 16 lease liability on transition	Land & Buildings $'000	Motor Vehicles $'000	Plant, Equipment, & Other $'000	Total $'000
Operating lease commitments under IAS 17 at 30 September 2019 (Note 27)	**112,370**	**10,800**	**2,327**	**125,497**
Adjusted for impact of:				
Finance lease liabilities recognised under IAS 17 as at 30 September 2019 (Note 31)	**–**	**–**	**49**	**49**
Short-term leases not recognised as a liability[1]	**(865)**	**(4,320)**	**–**	**(5,185)**
Low-value leases not recognised as a liability[2]	**–**	**–**	**(1,523)**	**(1,523)**
Different treatment of extension and termination options[3]	**4,034**	**103**	**–**	**4,137**
Separation of non-lease components from the lease contracts[4]	**(6,022)**	**(1,110)**	**(110)**	**(7,242)**
Lease contracts not yet commenced[5]	**(9,185)**	**–**	**–**	**(9,185)**
Effect of discounting the lease liability[6]	**(11,888)**	**(221)**	**(26)**	**(12,135)**
Provisional IFRS 16 Lease liability on adoption at 1 October 2019	**88,444**	**5,252**	**717**	**94,413**

1 Relates to leases which are ending within 1 year or less of the date of transition, and are therefore excluded from the IFRS 16 lease liability as a result of applying the recognition exemption for short-term leases.
2 Relates to leases of assets that qualify as low-value assets and are therefore excluded from the IFRS 16 lease liability as a result of applying the recognition exemption for leases of low-value assets. These leases primarily relate to leases of IT, office and telephony equipment which are not individually material.
3 Differences between the non-cancellable periods of the in-scope leases which are used to calculate the operating lease commitments, and the lease terms used to calculate the lease liability under IFRS 16 which include periods covered by an option to extend the lease if the lessee is reasonably certain to exercise such options, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise such options. As part of the transition to IFRS 16, management judgement has been applied to assess whether options included in the in-scope lease contracts will be executed.
4 Adjustments to remove non-lease components included in operating lease commitments from the IFRS 16 lease liability, in accordance with the Group accounting policy being applied on transition.
5 Refers to lease contracts that have been signed as at the transition date but that have not yet commenced as the asset is not available for use.
6 Impact of discounting the remaining lease payments on identified lease contracts as at the transition date, using the appropriate incremental borrowing rate.

36. Events After the Balance Sheet Date

On 12 November 2019, the Group completed the acquisition of 100% of the issued share capital of Canale Communications ('CanaleComm') for consideration of up to $31 million. This includes initial consideration of $20 million paid in cash, with contingent consideration of up to $11 million payable after three years, based on the achievement of certain profit targets. CanaleComm is a U.S.-based healthcare strategic communications agency, with specialist capabilities in corporate communications, public relations and investor relations. CanaleComm will be presented as part of the Ashfield operating segment, and significantly strengthens the Group's public relations offering in the U.S.

Due to the short time frame between the completion date and the date of issuance of this report, an initial assignment of fair values to identifiable assets and liabilities acquired has not been completed.

Company Statement of Comprehensive Income
for the year ended 30 September 2019

	Note	2019 €'000	2018 €'000
Profit for the financial year		**78,986**	31,526
Other comprehensive income for the financial year		**–**	–
Total comprehensive income for the financial year		**78,986**	31,526

Company Statement of Changes in Equity
for the year ended 30 September 2019

	Equity share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
At 1 October 2018	**12,811**	**165,652**	**61,653**	**368,580**	**608,696**
Profit for the financial year	**–**	**–**	**–**	**78,986**	**78,986**
Other comprehensive income/(expense):	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**78,986**	**78,986**
Transactions with shareholders:					
New shares issued	**31**	**1,012**	**–**	**–**	**1,043**
Share-based payment expense	**–**	**–**	**4,180**	**–**	**4,180**
Dividends paid to equity holders	**–**	**–**	**–**	**(35,296)**	**(35,296)**
Release from share-based payment reserve	**–**	**–**	**(2,591)**	**2,591**	**–**
At 30 September 2019	**12,842**	**166,664**	**63,242**	**414,861**	**657,609**

for the year ended 30 September 2018

	Equity share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
At 1 October 2017	12,792	164,525	56,895	365,175	599,387
Profit for the financial year	–	–	–	31,526	31,526
Other comprehensive income/(expense):	–	–	–	–	–
Total comprehensive income for the year	–	–	–	31,526	31,526
Transactions with shareholders:					
New shares issued	19	1,127	–	–	1,146
Share-based payment expense	–	–	5,582	–	5,582
Dividends paid to equity holders	–	–	–	(28,945)	(28,945)
Release from share-based payment reserve	–	–	(824)	824	–
At 30 September 2018	12,811	165,652	61,653	368,580	608,696

Company Balance Sheet
as at 30 September 2019

	Note	2019 €'000	2018 €'000
ASSETS			
Non-current			
Investment in subsidiary undertakings	38	**363,986**	291,486
Total non-current assets		**363,986**	291,486
Current			
Trade and other receivables	39	**383,741**	393,345
Cash and cash equivalents		**21,871**	34,567
Current income tax assets		**84**	–
Total current assets		**405,696**	427,912
Total assets		**769,682**	719,398
EQUITY			
Equity share capital		**12,842**	12,811
Share premium		**166,664**	165,652
Other reserves	40	**63,242**	61,653
Retained earnings	40	**414,861**	368,580
Capital and reserves attributable to equity holders of the parent		**657,609**	608,696
LIABILITIES			
Current			
Trade and other payables	42	**112,073**	110,054
Current income tax liabilities		**–**	648
Total current liabilities		**112,073**	110,702
Total liabilities		**112,073**	110,702
Total equity and liabilities		**769,682**	719,398

As permitted by section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its separate Income Statement in the financial statements and from filing it with the Registrar of Companies. The company's profit for the financial year is €78,986,000 (2018: €31,526,000).

On behalf of the Board

P. Gray
Director

B. McAtamney
Director

Company Cash Flow Statement
for the year ended 30 September 2019

	2019 €'000	2018 €'000
Cash flows from operating activities		
Profit before tax	**78,201**	31,235
Finance income	**(11)**	(6)
Finance expense	**8**	12
Operating profit	**78,198**	31,241
Decrease/(increase) in trade and other receivables	**9,604**	(4,259)
Decrease in trade payables, provisions and other payables	**(29,226)**	(17,464)
Loss on disposal of investments	**–**	18,944
Interest paid	**(8)**	(12)
Income taxes received	**53**	–
Net cash inflow from operating activities	**58,621**	28,450
Cash flows from investing activities		
Interest received	**11**	6
Investment in subsidiary undertakings	**(37,075)**	(13,162)
Disposal of investment in subsidiary undertakings	**–**	2,438
Net cash outflow from investing activities	**(37,064)**	(10,718)
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon)	**1,043**	1,146
Dividends paid to equity holders of the company	**(35,296)**	(28,945)
Net cash outflow from financing activities	**(34,253)**	(27,799)
Net decrease in cash and cash equivalents	**(12,696)**	(10,067)
Cash and cash equivalents at beginning of year	**34,567**	44,634
Cash and cash equivalents at end of year	**21,871**	34,567
Cash and cash equivalents is comprised of:		
Cash at bank and short-term deposits	**21,871**	34,567
	21,871	34,567

37. Loss on Disposal

On 8 August 2018 the Group disposed of Aquilant. UDG Healthcare plc was the immediate parent of Aquilant Scientific (ROI) Limited and Aquilant Analytical Sciences Limited. The below table outlines the loss on disposal which was recognised in the Company's Income Statement in the prior year.

	2018 €'000
Cash consideration	2,438
Deferred consideration	65
Total consideration received	2,503
Disposal of investments	(21,292)
Disposal costs	(155)
Loss on disposal	(18,944)

38. Investment in Subsidiary Undertakings

	2019 €'000	2018 €'000
Cost		
At beginning of year	**291,486**	289,593
Additions in year	**68,320**	37,276
Disposals in year	**–**	(40,965)
Share options granted to employees of subsidiary undertakings	**4,180**	5,582
At end of year	**363,986**	291,486

The additions to investment in subsidiary undertakings during the year of €68,320,000 were comprised of cash consideration of €37,075,000 and non-cash considerations of €31,245,000.

In the prior year, the additions to investment in subsidiary undertakings during the year of €37,276,000 were comprised of cash consideration €13,162,000 and non-cash considerations of €24,114,000.

39. Trade and Other Receivables

	2019 €'000	2018 €'000
Current		
Amounts due from subsidiary undertakings	**383,219**	393,161
Other receivables	**522**	184
	383,741	393,345

Amounts due from subsidiary undertakings are interest free and repayable on demand.

40. Capital and Reserves

	Other reserves €'000	Retained earnings €'000
At 30 September 2017	56,895	365,175
Profit for the financial year	–	31,526
Release from share-based payment reserve	(824)	824
Dividends paid to equity holders	–	(28,945)
Share-based payment expense	5,582	–
At 30 September 2018	**61,653**	**368,580**
Profit for the financial year	**–**	**78,986**
Release from share-based payment reserve	**(2,591)**	**2,591**
Dividends paid to equity holders	**–**	**(35,296)**
Share-based payment expense	**4,180**	**–**
At 30 September 2019	**63,242**	**414,861**

Other reserves represents a share-based payment reserve of €13,159,000 (2018: €11,570,000), a treasury shares reserve of (€5,742,000) (2018: (€5,742,000)), a goodwill reserve of (€93,000) (2018: (€93,000)), a non-distributable reserve of €55,668,000 (2018: €55,668,000) and a capital redemption reserve of €250,000 (2018: €250,000).

The Company's non-distributable reserve consists of €16,762,000 (2018: €16,762,000) transferred from the share premium account against which goodwill, arising from acquisitions in financial periods prior to 1 October 1999, is offset on consolidation and a transfer from the income statement of €38,906,000 (2018: €38,906,000), arising on the restructuring of Group activities.

Details of equity share capital are set out in Note 18.

41. Interest-bearing Loans and Borrowings

Details of how the Company manages risk exposures and accounts for financial instruments are set out in Note 31.

Foreign Currency Risk Management

The majority of trade conducted by the Company is in euro. Therefore, the level of transactional foreign exchange exposure is not material to the Company.

Funding and Liquidity

The following are the undiscounted contractual maturities of financial instruments, including interest payments and excluding the impact of netting arrangements:

30 September 2019	**Carrying amount €'000**	**Contractual cash flow €'000**	**6 months or less €'000**	**6–12 months €'000**	**Between 1–2 years €'000**	**Between 2–5 years €'000**
Trade and other payables	**112,073**	**112,073**	**112,073**	**–**	**–**	**–**
	112,073	**112,073**	**112,073**	**–**	**–**	**–**

30 September 2018	Carrying amount €'000	Contractual cash flow €'000	6 months or less €'000	6–12 months €'000	Between 1–2 years €'000	Between 2–5 years €'000
Trade and other payables	110,054	110,054	110,054	–	–	–
	110,054	110,054	110,054	–	–	–

42. Trade and Other Payables

	2019 €'000	2018 €'000
Current		
Amounts due to subsidiary undertakings	**111,907**	109,889
Accruals	**166**	165
	112,073	110,054

Amounts due to subsidiary undertakings are interest free and repayable on demand.

43. Employee Benefits

The aggregate employee costs recognised in the income statement are as follows:

	2019 €'000	2018 €'000
Wages and salaries	**516**	216
Social security contributions	**56**	6
Pension costs – defined contribution schemes	**–**	8
	572	230

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

	2019 number	2018 number
Administration	**3**	2
	3	2

44. Related Party Transactions

The Company has related party relationships with its subsidiaries and with the directors of the Company. Details of the remuneration of the Company's individual directors, together with the number of shares in the Company owned by them and their outstanding share options, are set out in the Directors' Remuneration Report.

Transactions with Subsidiary Undertakings

Details of balances outstanding with subsidiary undertakings are provided in Notes 39 and 42.

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Company's key management personnel. The details on key management personnel are outlined in Note 33.

In 2015 the Company transferred a significant element of its business activities to a subsidiary, UDG Healthcare Ireland Limited. The key management personnel engaged in the business throughout the year were employed by UDG Healthcare Ireland Limited.

45. Principal Subsidiaries

Incorporated in the ROI

Name	Nature of business	Group share
Ashfield Healthcare (Ireland) Limited	Contract sales outsourcing	100%
UDG Healthcare Ayrtons (Dublin) Limited*	Investment holding company	100%
UDG Healthcare Finance Limited*	Financial services	100%
UDG Healthcare (US) Holdings Limited*	Investment holding company	100%
UDG Healthcare Distributors Limited*	Investment holding company	100%
UDG Healthcare Ireland Limited	Investment holding company	100%
United Care Limited	Investment holding company	100%

* Subsidiary undertakings owned directly by UDG Healthcare plc.

All of the above companies have their registered office at 20 Riverwalk, Citywest Business Campus, Dublin 24, NR23 D24.

All shares held are ordinary shares.

Incorporated in the U.K.

Name	Nature of business	Group share
Ashfield Healthcare Limited[1]	Contract sales outsourcing	100%
Ashfield Insight & Performance Limited[1]	Sales force effectiveness training services provider	100%
Ashfield Meetings & Events Limited[1]	Event management services provider	100%
Galliard Healthcare Communications Limited[1]	Specialist healthcare and scientific public relations provider	100%
Ashfield Healthcare Communications Group Limited[1]	Healthcare communications and consultancy services provider	100%
Pegasus Public Relations Limited[1]	Healthcare communications provider	100%
Sharp Clinical Services (UK) Limited[1]	Clinical trials services provider	100%
UDG Healthcare (UK) Holdings Limited[1]	Investment holding company	100%
STEM Healthcare Limited[2]	Commercial, marketing and medical audit services provider	100%
Incisive Health Limited[1]	Healthcare policy and communications consultancy	100%

1 This company has its registered office at Ashfield House, Resolution Road, Ashby de la Zouch, Leicestershire, LE65 1HW.
2 This company has its registered office at 1 Parkshot, Richmond, Surrey, England, TW9 2RD.

Incorporated in Continental Europe

Name	Nature of business	Group share
Ashfield Healthcare GmbH[4]	Contract sales outsourcing	100%
Ashfield Healthcare GmbH[5]	Contract sales outsourcing	100%
Ashfield Iberia SLU[6]	Contract sales outsourcing	100%
Ashfield Nordic AB[7]	Pharmaceutical sales and marketing company	100%
Ashfield S.A[8]	Contract sales outsourcing	100%
Ashfield Saglik Hizmetleei Ticaret Limited Sirketi[9]	Pharmaceutical sales and marketing company	100%
Enestia Belgium N.V.[10]	Packaging solutions provider	100%
European Packaging Centre B.V.[3]	Contract packaging company	100%
Ashfield Iberia Lda[11]	Contract sales outsourcing	100%
UDG Healthcare Holdings B.V.[3]	Investment holding company	100%
Sellxpert GmbH & Co KG[12]	Contract sales outsourcing	100%
Selldirekt GmbH[12]	Contract sales outsourcing	100%
Physicians World GmbH[13]	Medical Communications business	100%
Pharma Logistics Investments B.V.[3]	Sales leads and sales intelligence data	100%

3 This company has its registered office at Neptunus 12, 8448 CN Heerenveen, Netherlands.
4 This company has its registered office at Euro Plaza, Gebaude F, Technologiestrabe 5, 4. OG, 1120 Vienna, Austria.
5 This company has its registered office at Goldbeckstrasse 5, 69493 Hirschberg, Germany.
6 This company has its registered office at Calle Quintanavides 13, Parque Empresarial Vía Norte, Edificio 1-2a planta, 28050 Madrid, Spain.
7 This company has its registered office at Luntmakargatan 66, 5van, 11351 Stockholm, Sweden.
8 This company has its registered office at Foundation Plaza, Building 501, Belgicastraat 1, 1930 Zaventum, Belgium.
9 This company has its registered office at Pakpen Plaza Sahraycedit Mahallesi Halk Sokak, No.44 Kat, 1 Kadikoy, Istanbul, Turkey.
10 This company has its registered office at Klocknerslyaat 1, 3930 Hamont-Achel, Belgium.
11 This company has its registered office at Avenida Dom João Ii, Nº 44c – 2.3 Edificio Atlantis, Parque Das Naçoes, 1990-095 Lisboa, Portugal.
12 This company has its registered office at Gutenbergstraße 4, 67446 Speyer, Germany.
13 This company has its registered office at Haupststrasse, 161, 68259 Mannheim, Germany.

45. Principal Subsidiaries (continued)

Incorporated in North America

Name	Nature of business	Group share
Ashfield Healthcare LLC[14]	Pharmaceutical sales and marketing company	100%
Ashfield Healthcare Canada Inc[15]	Marketing, communications and sample and promotional material management services provider	100%
Ashfield Healthcare Communications LLC[18]	Healthcare communications and consultancy services provider	100%
Ashfield Meetings & Events Inc.[27]	Event management services provider	100%
Ashfield Pharmacovigilance, Inc.[16]	Safety and risk management services provider	100%
Informed Direct, Inc.[17]	Healthcare communications and consultancy services provider	100%
Sharp Clinical Services, Inc.[19]	Clinical trials services provider	100%
Sharp Corporation[20]	Contract packaging company	100%
Sharp Bethlehem, LLC[22]	Contract packaging company	100%
Vynamic LLC[23]	Management consulting	100%
Cambridge BioMarketing Group, LLC[24]	Healthcare communications business	100%
MicroMass Communications, Inc.[21]	Healthcare communications business	100%
UDG Healthcare U.S. Holdings, Inc.[22]	Investment holding company	100%
Smart Analyst, Inc[25]	Commercialisations, consulting and analytics business	100%
Create Group NYC[26]	Communications agency	100%
Putnam Associates LLC[28]	Consulting services to pharmaceutical	100%

14 This company has its registered office at 1100 Virginia Drive, Suite 200, Ft. Washington, Pennsylvania 19034.
15 This company has its registered office at 263 Labrosse Avenue, Pointe-Claire, Quebec H9R 1A3.
16 This company has its registered office at 5003 South Miami Blvd, Suite 500, Durham, North Carolina 27703.
17 This company has its registered office at 7 Island Dock Road, Suite A, Haddam, Connecticut 06438.
18 This company has its registered office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071.
19 This company has its registered office at 300 Kimberton Road, Phoenixville, Pennslyvania, 19460.
20 This company has its registered office at 23 Carland Road, Conshohocken, Pennslyvania, 19428.
21 This company has its registered office at 100 Regency Forest Drive, Suite 400, Cary, NC, 27518.
22 This company has its registered office at 7451 Keebler Way, Allentown, 18106.
23 This company has its registered office at 1600 Arch St, Philadelphia, PA 19103.
24 This company has its registered office at 245 First Street, 12th Floor, Cambridge, MA 02142.
25 This company has its registered office at 9 East 38th Street, 8th Floor, New York, NY 10016.
26 This company has its registered office at 180 Varick Street, Suite 212, New York, NY 10014.
27 This company has its registered office at One Ivybrook Blvd, Suite 170, Iyland, Pennslyvania, 18974.
28 This company has its registered office at 501 Boylston Street, Boston, MA 02116.

46. Auditor Remuneration

The auditor's remuneration for the audit of the Company is detailed in Note 5.

47. Section 357 Guarantees and Contingent Liabilities

Guarantees have been given by the Company in respect of the borrowing facilities of certain subsidiary undertakings and clients.

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed commitments entered into and liabilities of the following subsidiaries for the financial year ended 30 September 2019:, Ashfield Alliance Limited, Ashfield Healthcare (Ireland) Limited, Aquilant Limited, Dublin Drug (Investments) Limited, Dublin Drug Company Limited, Dublin Drug Public Limited Company, Marker (U.D.) Ireland Limited, Pharmexx Ireland (Sales Solutions) Limited, UDG Healthcare Ireland Limited, United Care Limited, UDG Healthcare (US) Holdings Limited, UDG Healthcare Ayrtons (Dublin) Limited, UDG Healthcare Distributors Limited, UDG Healthcare Finance Limited, UDG Healthcare Nordic Limited, UDG Healthcare Packaging Group Limited and UDG Healthcare Property Holdings Limited.

48. Approval of Financial Statements

The Group and Company financial statements were approved by the directors on 2 December 2019.

Financial Calendar

UDG Healthcare plc is an Irish registered company. The Company's ordinary shares are quoted on the London Stock Exchange.

Ex-dividend date for 2019 final dividend	9 January 2020
Record date for 2019 final dividend	10 January 2020
AGM	28 January 2020
Payment date for 2019 final dividend	5 February 2020
Interim Announcement of Results for 2020	19 May 2020
Financial year end	30 September 2020
Preliminary Announcement of Results for 2020	24 November 2020

Key Performance Indicators and Non-IFRS Performance Measures

The Group reports certain financial measurements that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non-IFRS measurements provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance-based remuneration.

None of the non-IFRS measurements should be considered as an alternative to financial measures derived in accordance with IFRS. The non-IFRS measurements can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of results as reported under IFRS. The principal non-IFRS measurements used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the Financial Statements, are set out below.

Following the adoption of IFRS 15 Revenue from Contracts with Customers on 1 October 2018, the Group's statutory results for the year ended 30 September 2019 are presented on an IFRS 15 basis, whereas the Group's statutory results for the comparative period ended 30 September 2018 are presented on an IAS 18 basis as previously reported. For the comparisons between the two bases of reporting to be considered more meaningful, the Group have presented the alternative performance measurements below under both bases.

Net revenue

Definition

This comprises of revenue as reported in the Group Income Statement, adjusted for revenue associated with pass-through costs for which the Group does not earn a margin.

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Revenue	Income Statement	**1,298,523**	**1,298,523**	1,315,186
Revenue – IFRS 15 impact	Note 34	**–**	**10,943**	–
Revenue		**1,298,523**	**1,309,466**	1,315,186
Pass-through revenue		**(195,648)**	**(195,648)**	(185,494)
Pass-through revenue – IFRS 15 impact		**–**	**380**	–
Net revenue		**1,102,875**	**1,114,198**	1,129,692

Adjusted operating profit

Definition

This comprises of operating profit as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items (if any).

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Operating profit	Income Statement	**78,264**	**78,264**	5,501
Operating profit – IFRS 15 impact	Note 34	**–**	**3,551**	–
Transaction costs	Income Statement	**2,136**	**2,136**	2,374
Amortisation of acquired intangible assets	Note 14	**32,387**	**32,387**	31,001
Exceptional items	Note 9	**42,053**	**42,053**	108,630
Adjusted operating profit		**154,840**	**158,391**	147,506

Key Performance Indicators and Non-IFRS Performance Measures (continued)

Adjusted profit before tax

Definition

This comprises of profit before tax as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items (if any).

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Profit before tax	Income Statement	74,277	74,277	8,386
Profit before tax – IFRS 15 impact	Note 34	–	3,551	–
Transaction costs	Income Statement	2,136	2,136	2,374
Amortisation of acquired intangible assets	Note 14	32,387	32,387	31,001
Exceptional items	Note 9	37,910	37,910	97,054
Adjusted profit before tax		**146,710**	**150,261**	138,815

Adjusted operating margin

Definition

Measures the adjusted operating profit as a percentage of revenue.

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Adjusted operating profit	Per above	154,840	158,391	147,506
Revenue	Income Statement/Note 34	1,298,523	1,309,466	1,315,186
Adjusted operating margin		**11.9%**	**12.1%**	11.2%

Adjusted net operating margin

Definition

Measures the adjusted operating profit as a percentage of net revenue.

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Adjusted operating profit	Per above	154,840	158,391	147,506
Net revenue	Per above	1,102,875	1,114,198	1,129,692
Net operating margin		**14.0%**	**14.2%**	13.1%

Adjusted effective tax rate

Definition

The Group adjusted effective tax rate expresses the income tax expense adjusted for the tax impact of exceptional items, transaction costs and the amortisation of acquired intangible assets as a percentage of adjusted profit before tax.

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Income tax expense	Income Statement/Note 34	16,786	17,513	4,529
Tax relief with respect to exceptional items	Note 9	4,165	4,165	1,548
Deferred tax credit associated with the U.S. Tax Cuts and Jobs Act	Note 9	–	–	9,715
Tax charge pre-exceptional items	Income Statement/Note 34	20,951	21,678	15,792
Tax relief with respect to transaction costs		38	38	180
Deferred tax credit with respect to acquired intangible amortisation		7,084	7,084	7,715
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**28,073**	**28,800**	23,687
Adjusted profit before tax	Per above	146,710	150,261	138,815
Adjusted effective tax rate		**19.1%**	**19.2%**	17.1%

Key Performance Indicators and Non-IFRS Performance Measures (continued)

Return on capital employed (ROCE)

Definition

ROCE is the adjusted operating profit expressed as a percentage of the Group's net assets employed. Net assets employed is the average of the opening and closing net assets in the year excluding net debt adjusted for the historical amortisation of acquired intangible assets and restructuring charges.

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Net assets	Balance Sheet	900,563	900,563	885,343
Net assets – IFRS 15 impact	Note 34	–	(998)	–
Net assets		900,563	899,565	885,343
Net debt	Note 31	80,530	80,530	60,787
Assets before net debt		981,093	980,095	946,130
Cumulative intangible amortisation		208,980	208,980	189,206
Cumulative restructuring costs		20,439	20,439	26,789
Total capital employed		1,210,512	1,209,514	1,162,125
Average total capital employed		1,186,319	1,185,820	1,160,269
Adjusted operating profit		154,840	158,391	147,506
Return on capital employed		13.1%	13.4%	12.7%

Adjusted and annualised EBITDA

Definition

Adjusted EBITDA is used internally for performance management and is also a useful supplemental measure for external stakeholders. Adjusted EBITDA is adjusted operating profit (operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items) before depreciation, share-based payment expense, amortisation of computer software, the share of joint venture profit and profit on disposal of property, plant and equipment.

The annualised EBITDA used for debt covenant compliance purposes, amends adjusted EBITDA to include the annualisation of the EBITDA for acquisitions and exclude share-based payment expense, transaction costs and the EBITDA of completed disposals.

Calculation		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Adjusted operating profit	Per above	154,840	158,391	147,506
Share-based payment expense	Cash Flow Statement	4,400	4,400	5,069
Depreciation	Cash Flow Statement	23,130	23,130	24,477
Amortisation of computer software	Note 14	8,027	8,027	6,036
Joint venture profit share	Income Statement	(50)	(50)	(958)
Profit on disposal of property, plant and equipment	Cash Flow Statement	(571)	(571)	(340)
Adjusted EBITDA		189,776	193,327	181,790
Share-based payment expense	Cash Flow Statement	(4,400)	(4,400)	(5,069)
Transaction costs	Income Statement	(2,136)	(2,136)	(2,374)
EBITDA of completed disposals		–	–	(2,845)
Annualised EBITDA of acquisitions[1]		10,004	10,004	6,079
Annualised EBITDA		193,244	196,795	177,581

1 Includes EBITDA for acquisitions which were not part of the Group for the full financial year.

Financial ratios

Definition

The net debt to EBITDA and EBITDA interest cover ratios disclosed are calculated using annualised EBITDA and adjusted net finance expense (net finance expense excluding interest on pension scheme obligations and the unwinding of discount on provisions and deferred consideration, see Note 6). Net debt represents the net total of current and non-current borrowings, current and non-current derivative financial instruments and cash and cash equivalents as presented in the Group Balance Sheet and is calculated in Note 31.

Key Performance Indicators and Non-IFRS Performance Measures (continued)

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus U.S. dollars, the Group's presentation currency. In order to present a better reflection of underlying performance in the year, the Group retranslates foreign denominated prior year earnings at current year exchange rates.

Revenue – constant currency		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Revenue	Income Statement/Note 34	**1,298,523**	**1,309,466**	1,315,186
Currency impact		**–**	**–**	(32,539)
Revenue – constant currency		**1,298,523**	**1,309,466**	1,282,647
Revenue – constant currency increase on 2018		**15,876**	**26,819**	
Revenue – constant currency increase on 2018 %		**1.2%**	**2.1%**	

Revenue – constant currency – excluding Aquilant		$'000	$'000	$'000
Revenue	Income Statement/Note 34	**1,298,523**	**1,309,466**	1,232,479
Currency impact		**–**	**–**	(28,246)
Revenue – constant currency		**1,298,523**	**1,309,466**	1,204,233
Revenue – constant currency increase on 2018		**94,290**	**105,233**	
Revenue – constant currency increase on 2018 %		**7.8%**	**8.7%**	

Net revenue – constant currency		$'000	$'000	$'000
Net revenue	Per above	**1,102,875**	**1,114,198**	1,129,692
Currency impact		**–**	**–**	(28,302)
Revenue – constant currency		**1,102,875**	**1,114,198**	1,101,390
Revenue – constant currency increase on 2018		**1,485**	**12,808**	
Revenue – constant currency increase on 2018 %		**0.1%**	**1.2%**	

Net Revenue – constant currency – excluding Aquilant		$'000	$'000	$'000
Net revenue	Per above	**1,102,875**	**1,114,198**	1,046,985
Currency impact		**–**	**–**	(24,010)
Net revenue – constant currency		**1,102,875**	**1,114,198**	1,022,975
Net revenue – constant currency increase on 2018		**79,900**	**91,223**	
Net revenue – constant currency increase on 2018		**7.8%**	**8.9%**	

Adjusted operating profit – constant currency		$'000	$'000	$'000
Adjusted operating profit	Per above	**154,840**	**158,391**	147,506
Currency impact		**–**	**–**	(2,242)
Adjusted operating profit – constant currency		**154,840**	**158,391**	145,264
Adjusted operating profit – constant currency increase on 2018		**9,576**	**13,127**	
Adjusted operating profit – constant currency increase on 2018 %		**6.6%**	**9.0%**	

Constant currency (continued)

Adjusted operating profit – constant currency – excluding Aquilant		IFRS 15 2019 $'000	IAS 18 2019 $'000	2018 $'000
Adjusted operating profit	Per above	**154,840**	**158,391**	144,226
Currency impact		**–**	**–**	(2,074)
Adjusted operating profit – constant currency		**154,840**	**158,391**	142,152
Adjusted operating profit – constant currency increase on 2018		**12,688**	**16,239**	
Adjusted operating profit – constant currency increase on 2018 %		**8.9%**	**11.4%**	

Adjusted profit before tax – constant currency		$'000	$'000	$'000
Adjusted profit before tax	Per above	**146,710**	**150,261**	138,815
Currency impact		**–**	**–**	(1,967)
Adjusted profit before tax – constant currency		**146,710**	**150,261**	136,848
Adjusted profit before tax – constant currency increase on 2018		**9,862**	**13,413**	
Adjusted profit before tax – constant currency increase on 2018 %		**7.2%**	**9.8%**	

Adjusted diluted earnings per share ('EPS') – constant currency		$'000	$'000	$'000
Adjusted profit attributable to owners of the parent	Note 11	**118,596**	**121,420**	115,067
Currency impact		**–**	**–**	(1,455)
Adjusted profit attributable to owners of the parent – constant currency		**118,596**	**121,420**	113,612
Weighted average number of shares used in diluted EPS calculation	Note 11	**250,662,451**	**250,662,451**	250,464,788
Adjusted diluted EPS – constant currency (cent)		**47.31**	**48.44**	45.36
Adjusted diluted EPS – constant currency increase on 2018 (cent)		**1.95**	**3.08**	
Adjusted diluted EPS – constant currency increase on 2018 %		**4.3%**	**6.8%**	

The dividend per share constant currency increase on 2018 percentage disclosed is the same as actual percentage increase in dividend per share as this is based on the disclosed U.S. dollars dividend per share.

Glossary

AGM	Annual General Meeting
ABPI	Association of the British Pharmaceutical Industry
APM	Alternative Performance Measures
ARA	Annual Report Announcement
CAGR	Compound Annual Growth Rate
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CMIC	Current Medical Information Centre
CMO	Contract Manufacturing Organisation
CO_2	Carbon Dioxide
CODM	Chief Operating Decision Maker
COE	Centre of Excellence
COO	Chief Operating Officer
CRM	Customer Relationship Management
CSO	Contract Sales Organisation
The Code	U.K. Corporate Governance Code 2018 issued by the U.K. Financial Reporting Council
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EHS	Environmental Health and Safety
EMEA	Europe, the Middle East and Africa
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ESOP	Executive Share Option Plan
ESOS	Executive Share Option Scheme
E.U.	European Union
EY	Ernst & Young Chartered Accountants and Statutory Audit Firm
FDA	Food and Drug Administration
FMD	Falsified Medicine's Directive
FTSE 100 Index	Capitalisation – weighted index consisting of the 100 largest companies listed on the London Stock Exchange with the highest market capitalisation
FTSE 250 Index	Capitalisation – weighted index consisting of the 101st to the 350th largest companies on the London Stock Exchange
FY2018	Financial Year 2018
FY2019	Financial Year 2019
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
GM	General Manager
HCP	Healthcare Professionals
HIPAA	Health Insurance Portability and Accountability Act
HR	Human Resources
H&S	Health & Safety
IAASA	Irish Auditing and Accounting Supervisory Authority
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IMP	Investigational Medicinal Product
Inc.	Incorporated
IRT	Interactive Response Technology
IT	Information Technology
ISAs	International Standards on Auditing
KPI	Key Performance Indicator
KWP	Kilowatt Peak
LTA	Lost Time Accidents
LTD	Limited Company
LTIP	Long Term Incentive Plan
MAH	Marketing Authorisation Holder
M&A	Mergers and Acquisitions
NED	Non Executive Director
NETS	Network of Employers for Traffic Safety
N/A	Not Applicable
NI	Northern Ireland
NomCo	Nominations and Governance Committee
N/M	Not Meaningful
PA	Pennsylvania
PAYE	Pay As You Earn
PBCIT	Profit Before Central Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PLC	Public Limited Company
PR	Public Relations
PSP	Patient Support Programme
PwC	PricewaterhouseCoopers
Q4	Quarter 4
R&D	Research and Development
Rem Co	Remuneration Committee
RIF	Risk, Investment and Financing Committee
ROCE	Return on Capital Employed
ROI	Return on Investment
SCOPE 1	Covers direct emissions from owned or controlled sources. Examples – Fuel combustion, Company vehicles, Fugitive emissions.*
SCOPE 2	Covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Examples – Purchased electricity, heat and steam.*
SCOPE 3	Includes all other indirect emissions that occur in a company's value chain. Examples – Purchased goods and services, Business travel and Waste disposal.*
SET	Senior Executive Team
SID	Senior Independent non-executive Director
TSR	Total Shareholder Return
U.K.	United Kingdom
UN	United Nations
U.S.	United States
VAT	Value Added Tax
V.P	Vice President
WDA	Wholesale Distribution Authorisation

*Source : Carbon Trust.

Contacts for Shareholders

Company Secretary and Registered Office
Damien Moynagh
UDG Healthcare plc,
20 Riverwalk,
Citywest Business Campus, Citywest,
Dublin 24, Ireland

Tel: +353 1 468 9000
Website: www.udghealthcare.com

Registered Number
12244

Registrar
Enquiries concerning shareholdings should be addressed to:

Computershare Investor Services (Ireland) Limited
3100 Lake Dr,
Citywest Business Campus,
Dublin 24, D24 AK82
Ireland

Tel: +353 1 447 5100
Email: webqueries@computershare.co.uk

Stockbrokers
Davy
Davy House,
49 Dawson Street,
Dublin 2, Ireland

Liberum,
Ropemaker Place,
25 Ropemaker Street,
London, EC2Y 9LY

Peel Hunt,
Moor House,
120 London Wall,
London, EC2Y 5ET

Principal Bankers
Ulster Bank
Ulster Bank Ireland DAC,
George's Quay,
Dublin 2, Ireland

Solicitors
A&L Goodbody
International Financial Services Centre,
North Wall Quay,
Dublin 1, Ireland

Pinsent Masons LLP
3 Hardman Street,
Manchester, M3 3AU, U.K.

Auditor
Ernst & Young
Harcourt Centre,
Harcourt Street,
Dublin 2, Ireland

Website
Further information on UDG Healthcare is available on the Group's website: www.udghealthcare.com