Financial Statements

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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 2020, 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 2020 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 2020;
- 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 11 (2019: 13) components and audit procedures on specific balances for a further 42 (2019: 41) components. • The components where we performed full or specific audit procedures accounted for 96% (2019: 99%) of Group Profit before tax, 96% (2019: 94%) of Revenue and 98% (2019: 96%) of Total assets.
Materiality	• Overall Group materiality of $5 million represents 5% of Group Profit before tax before non-recurring exceptional items. In our prior year audit, we adopted a materiality of $4.85 million based on 5% of Profit before tax before non-recurring 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 (2020: $583.1 million, 2019: $547.5 million) Refer to the Audit Committee Report (page 81); Accounting policies (page 120); and Note 13 of the Group Financial Statements (page 143). The impairment review of goodwill, with a carrying value of $583.1 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.	We evaluated the determination of the Group's seven 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, in order to exhibit professional scepticism, we corroborated key assumptions in the models, in particular growth rates, which we compared against historic rates achieved and external analyst forecasts. 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 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.	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 (2020: $1,279.2 million, 2019: $1,298.5 million) Refer to the Audit Committee Report (page 81); Accounting policies (page 120); and Note 3 of the Group Financial Statements (page 132). 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 recognised in an incorrect financial period as a result of management accelerating revenue recognition to achieve revenue targets or forecasts. 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. These judgements are important, given the significance of revenue as both a growth measure and a key determinant of profit in each period.	We performed procedures on revenue at all relevant 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.	Our observations included an outline of the range of audit procedures performed, the key judgements involved and the results of our testing. We also provided our assessment of 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 $5 million, which is approximately 5% of Profit before tax before non-recurring exceptional items. In our prior year audit, we adopted a materiality of $4.85 million based on 5% of Profit before tax before non-recurring 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 $2.5 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 $0.5 million to $1.375 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 $250,000, 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 161 (2019: 161) reporting components of the Group, we selected 53 (2019: 54) components covering entities within Austria, Belgium, Canada, Germany, Ireland, Japan, the Netherlands, Portugal, Spain, Sweden, Turkey, the U.K. and the U.S., which represent the principal business units within the Group.

Of the 53 (2019: 54) components selected, we performed an audit of the complete financial information of 11 (2019: 13) components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 42 (2019: 41) 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 either full or specific scope audit procedures accounted for 96% (2019: 99%) of the Group's Profit before tax, 96% (2019: 94%) of the Group's Revenue and 98% (2019: 96%) of the Group's Total assets.

An Overview of the Scope of Our Audit Report continued

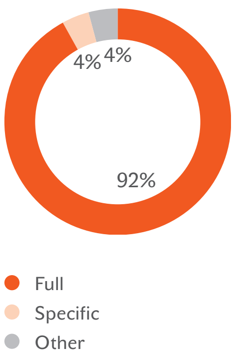
Tailoring the Scope continued

For the current year, the full scope components contributed 92% (2019: 97%) of the Group’s Profit before tax, 67% (2019: 68%) of the Group’s Revenue and 77% (2019: 80%) of the Group’s Total assets. The specific scope component contributed 4% (2019: 2%) of the Group’s Profit before tax, 29% (2019: 26%) of the Group’s Revenue and 21% (2019: 16%) 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.

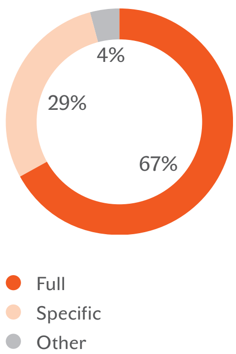
Of the remaining 108 (2019: 107) components that together represent 4% (2019: 1%) of the Group’s Profit before tax, none are individually greater than 1.5% (2019: 2%) of the Group’s Profit before tax. From these 108 (2019: 107) components, we selected 5 (2019: 8) components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors and an additional 3 (2019: 3) components where we performed review procedures. For the other remaining 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.

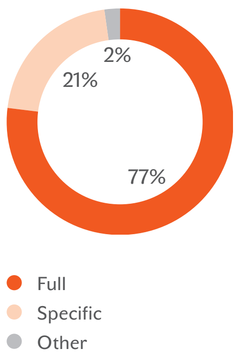
Proft before tax



Revenue



Total assets



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 11 (2019: 13) full scope components, audit procedures were performed on 1 (2019: 1) of these directly by the primary audit team and on 10 (2019: 12) by component audit teams. For the 41 (2019: 40) 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 typically complete 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, due to travel restrictions as a result of the Covid-19 pandemic, no physical visits were possible by the Group audit team. Instead the Group audit team performed virtual visits to key component teams in the U.S. and the U.K. These visits involved discussing the audit approach with the component team and any issues arising from their work, discussions with local management and attending 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 pages 46 and 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 annual report 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;

Conclusions Relating to Principal Risks, Going Concern and Viability Statement continued

- 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 pages 46 and 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* (set out on page 106) – 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* (set out on page 81) – 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 U.K. Corporate Governance Code* (set out on page 66) – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the U.K. 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 U.K. 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 in the current year, 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 in the current year, 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.

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.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 30 September 2019.

Respective Responsibilities

Responsibilities of Directors for the Financial Statements

As explained more fully in the directors' responsibilities statement set on page 106, 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.

Respective Responsibilities continued

Responsibilities of Directors for the Financial Statements continued

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 Group or 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 U.S. 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 ended 30 September 2017 and subsequent financial periods. This is our fourth 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
1 December 2020

Group Income Statement
for the year ended 30 September 2020

		2020			2019		
	Note	Pre-exceptional items $'000	Exceptional items (Note 9) $'000	Total $'000	Pre-exceptional items $'000	Exceptional items (Note 9) $'000	Total $'000
Revenue	3	1,279,194	–	1,279,194	1,298,523	–	1,298,523
Cost of sales		(881,023)	(3,342)	(884,365)	(920,010)	(7,372)	(927,382)
Gross profit		398,171	(3,342)	394,829	378,513	(7,372)	371,141
Selling and distribution expenses		(201,596)	–	(201,596)	(193,856)	–	(193,856)
Administrative expenses		(24,250)	(864)	(25,114)	(21,840)	(1,050)	(22,890)
Other operating expenses		(41,716)	(6,952)	(48,668)	(40,414)	(33,631)	(74,045)
Other operating income	7	–	5,257	5,257	–	–	–
Transaction costs	29	(2,064)	–	(2,064)	(2,136)	–	(2,136)
Share of equity accounted investments' profit after tax	15	2,372	–	2,372	50	–	50
Operating profit	5	130,917	(5,901)	125,016	120,317	(42,053)	78,264
Finance income	6	19,021	–	19,021	16,171	4,143	20,314
Finance expense	6	(32,330)	(3,539)	(35,869)	(24,301)	–	(24,301)
Profit before tax		117,608	(9,440)	108,168	112,187	(37,910)	74,277
Income tax expense	8	(22,050)	6,723	(15,327)	(20,951)	4,165	(16,786)
Profit for the financial year		95,558	(2,717)	92,841	91,236	(33,745)	57,491
Profit attributable to:							
Owners of the parent		95,543	(2,717)	92,826	91,196	(33,745)	57,451
Non-controlling interests	23	15	–	15	40	–	40
		95,558	(2,717)	92,841	91,236	(33,745)	57,491
Earnings per share							
Basic earnings per share – cent	11			37.00c			23.06c
Diluted earnings per share – cent	11			36.85c			22.92c

Group Statement of Comprehensive Income
for the year ended 30 September 2020

	Note	2020 $'000	2020 $'000	2019 $'000	2019 $'000
Profit for the financial year			**92,841**		57,491
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement gain/(loss) on Group defined benefit schemes	30		**2,307**		(3,905)
Deferred tax on Group defined benefit schemes:	28		**(511)**		846
			1,796		(3,059)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment			**9,578**		(16,675)
Group cash flow hedges:					
– Effective portion of cash flow hedges – movement into reserve		**(8,869)**		21,637	
– Effective portion of cash flow hedges – movement out of reserve		**15,980**		(12,414)	
Effective portion of cash flow hedges:	21		**7,111**		9,223
– Movement in deferred tax – movement into reserve		**1,109**		(2,704)	
– Movement in deferred tax – movement out of reserve		**(1,998)**		1,551	
Net movement in deferred tax	28		**(889)**		(1,153)
			15,800		(8,605)
Total other comprehensive income/(expense)			**17,596**		(11,664)
Total comprehensive income for the financial year			**110,437**		45,827
Total comprehensive income attributable to:					
Owners of the parent			**110,405**		45,791
Non-controlling interests			**32**		36
			110,437		45,827

Group Statement of Changes in Equity
for the year ended 30 September 2020

	Equity share capital $'000	Share premium $'000	Other reserves (Note 21) $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 October 2019	**14,678**	**198,978**	**(142,759)**	**829,459**	**900,356**	**207**	**900,563**
Change in accounting policy (Note 34)	–	–	–	1,924	1,924	–	1,924
Restated total equity at the beginning of the financial year	**14,678**	**198,978**	**(142,759)**	**831,383**	**902,280**	**207**	**902,487**
Profit for the financial year	–	–	–	92,826	92,826	15	92,841
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	–	–	7,111	–	7,111	–	7,111
Deferred tax on cash flow hedges	–	–	(889)	–	(889)	–	(889)
Translation adjustment	–	–	9,561	–	9,561	17	9,578
Remeasurement gain on defined benefit schemes	–	–	–	2,307	2,307	–	2,307
Deferred tax on defined benefit schemes	–	–	–	(511)	(511)	–	(511)
Total comprehensive income for the year	–	–	15,783	94,622	110,405	32	110,437
Transactions with shareholders:							
New shares issued	57	756	–	–	813	–	813
Issued in settlement of deferred consideration[1]	40	6,160	–	–	6,200	–	6,200
Share-based payment expense	–	–	5,688	–	5,688	–	5,688
Dividends paid to equity holders	–	–	–	(42,084)	(42,084)	–	(42,084)
Release from share-based payment reserve	–	–	(5,157)	5,157	–	–	–
At 30 September 2020	**14,775**	**205,894**	**(126,445)**	**889,078**	**983,302**	**239**	**983,541**

1 The Company issued 723,775 ordinary shares during the year as a part settlement of the deferred consideration for the acquisition of STEM Marketing which the Group acquired in the year ended 30 September 2017.

	Equity share capital $'000	Share premium $'000	Other reserves (Note 21) $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 October 2018	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

Group Balance Sheet
as at 30 September 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Non-current			
Property, plant and equipment	12	**194,040**	176,305
Goodwill	13	**583,101**	547,520
Intangible assets	14	**220,387**	241,615
Equity accounted investments	15	**50,316**	10,216
Right of use assets	25	**88,334**	–
Contract fulfilment assets	3	**4,834**	5,327
Derivative financial instruments	31	**13,138**	15,395
Deferred income tax assets	28	**4,081**	5,178
Employee benefits	30	**8,592**	7,636
Total non-current assets		**1,166,823**	1,009,192
Current			
Inventories	16	**28,730**	25,253
Trade and other receivables	17	**312,117**	370,350
Contract fulfilment assets	3	**4,656**	5,315
Cash and cash equivalents		**246,045**	135,228
Current income tax assets		**4,013**	4,385
Derivative financial instruments	31	**1,604**	8,878
Total current assets		**597,165**	549,409
Total assets		**1,763,988**	1,558,601
EQUITY			
Equity share capital	18	**14,775**	14,678
Share premium	20	**205,894**	198,978
Other reserves	21	**(126,445)**	(142,759)
Retained earnings	22	**889,078**	829,459
Equity attributable to owners of the parent		**983,302**	900,356
Non-controlling interests	23	**239**	207
Total equity		**983,541**	900,563
LIABILITIES			
Non-current			
Interest-bearing loans and borrowings	24	**276,920**	174,734
Lease liabilities	25	**86,962**	–
Other payables	26	**15,374**	23,853
Provisions	27	**56,978**	74,193
Deferred income tax liabilities	28	**33,002**	39,263
Total non-current liabilities		**469,236**	312,043
Current			
Interest-bearing loans and borrowings	24	**64**	65,297
Lease liabilities	25	**16,777**	–
Trade and other payables	26	**236,403**	246,685
Current income tax liabilities		**13,586**	14,380
Provisions	27	**44,381**	19,633
Total current liabilities		**311,211**	345,995
Total liabilities		**780,447**	658,038
Total equity and liabilities		**1,763,988**	1,558,601

On behalf of the Board

S. Cooke
Director

B. McAtamney
Director

Group Cash Flow Statement
for the year ended 30 September 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit before tax		**108,168**	74,277
Finance income	6	**(19,021)**	(16,171)
Finance expense	6	**32,330**	24,301
Exceptional items	9	**9,440**	37,910
Operating profit		**130,917**	120,317
Share of equity accounted investments' profit after tax		**(2,372)**	(50)
Transaction costs		**2,064**	2,136
Depreciation of property, plant and equipment	12	**22,841**	23,130
Depreciation of right of use assets	25	**17,162**	–
Loss/(profit) on disposal of property, plant and equipment		**157**	(571)
Amortisation of intangible assets	14	**41,716**	40,414
Share-based payment expense	30	**5,599**	4,400
Decrease/(increase) in contract fulfilment assets		**1,479**	(3,786)
Increase in inventories		**(2,691)**	(6,989)
Decrease/(increase) in trade and other receivables		**68,716**	(5,814)
(Decrease)/increase in trade payables, provisions and other payables		**(4,520)**	23,105
Exceptional items paid		**(14,063)**	(29,267)
Transaction costs paid		**(2,030)**	(2,534)
Cash generated from operations		**264,975**	164,491
Interest paid		**(12,324)**	(9,910)
Income taxes paid		**(21,995)**	(25,329)
Net cash inflow from operating activities		**230,656**	129,252
Cash flows from investing activities			
Interest received		**941**	2,209
Purchase of property, plant and equipment		**(30,176)**	(27,016)
Proceeds from disposal of property, plant and equipment		**88**	852
Investment in intangible assets – computer software		**(7,724)**	(12,475)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	29	**(26,866)**	(69,078)
Investment in equity accounted investees		**(37,500)**	–
Deferred consideration paid		**(10,347)**	(24,333)
Deferred contingent consideration paid	27	**(3,585)**	(812)
Disposal of subsidiary undertakings (net of cash and cash equivalents disposed)	7	**9,924**	–
Net cash outflow from investing activities		**(105,245)**	(130,653)
Cash flows from financing activities			
Proceeds from issue of shares (including share premium thereon)		**813**	1,176
Repayments of interest-bearing loans and borrowings	31	**(63,406)**	(1,859)
Proceeds from interest-bearing loans and borrowings	31	**100,744**	1,928
Principal elements of lease payments (2019: repayment of finance leases)	31	**(17,098)**	(5)
Dividends paid to equity holders of the Company		**(42,084)**	(40,325)
Net cash outflow from financing activities		**(21,031)**	(39,085)
Net increase/(decrease) in cash and cash equivalents		**104,380**	(40,486)
Translation adjustment		**6,437**	(4,385)
Cash and cash equivalents at beginning of year		**135,228**	180,099
Cash and cash equivalents at end of year		**246,045**	135,228
Cash and cash equivalents is comprised of:			
Cash at bank and short-term deposits		**246,045**	135,228

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 2020 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 (E.U.). 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 E.U. 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 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 Group has assessed the principal risks and uncertainties facing the Group, including the Covid-19 pandemic and the impact it is having on economic activity. The Group is actively monitoring the impact of Covid-19 and has adopted cost control measures during the year to mitigate against the potential future impact of weaker demand in some of our businesses. These measures have included: the reduction of appropriate variable costs; tight control of discretionary expenditure; a recruitment freeze; and a temporary reduction in labour including reduced working hours and furloughing employees in the Group's businesses that are primarily impacted. The Group implemented a restructuring programme during the year in the businesses most impacted by the Covid-19 pandemic (Note 9).

The financial impact of Covid-19 is not quantifiable due to the uncertainty over the length of time that the health crisis and related restrictions will continue to exist. The Group has continued to trade profitably during the year ended 30 September 2020. In assessing the potential impact on the Group, a number of scenarios have been modelled including where the restrictions imposed as a result of the pandemic and the downturn in economic activity continues for the period to the end of September 2021. Further possible downside risk has been incorporated into forecasts through sensitivity analysis.

The Group continues to have significant liquidity headroom on its existing financing facilities (Note 31). At 30 September, the Group has

- unrestricted cash and cash equivalents of $246 million;
- unused committed debt facilities of up to $245.9 million from a multi-currency revolving senior bank credit facility expiring in May 2025; and
- bank overdraft facilities of $5.9 million renewable on an annual basis.

The Group has a low gearing with a net debt of $16.2 million and net debt to annualised EBITDA ratio of 0.1, excluding IFRS 16 lease liabilities. There are no material debt maturities until September 2023. In the financial year ending 30 September 2020, the Group generated a net cash inflow from operating activities of $230.7 million.

Having considered the Group's forecasts, sensitivity analysis and the Group's significant financial headroom, the directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group and Company financial statements.

The parent company's financial statements included on pages 168 to 176 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, joint ventures and associates to all years presented in these financial statements.

1. Significant Accounting Policies continued

Basis of Consolidation

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

New and Amended Standards and Interpretations Effective in the Year

The Group adopted IFRS 16, 'Leases' with effect from 1 October 2019. The impact of adopting this standard is described further in Note 34. Other amendments to IFRS that became effective in the year 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

There have been some changes to IFRS issued that 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.

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 equity accounted investments. The Group's interest in the net assets of equity accounted investments is included 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 associates, 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.

1. Significant Accounting Policies continued

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

All leases are accounted for by recognising a right of use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Such leases are expensed to the Income Statement over the term of the lease.

1. Significant Accounting Policies continued

Leases continued

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Incremental borrowing rates are calculated using a portfolio approach and are determined using observable inputs (corporate bond yields) based on the risk profile of the entity holding the lease, and the term and currency of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- Lease payments made at or before the commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is determined to be shorter than the lease term.

When the estimate of the term of any lease is revised, for example due to reassessing the probability of exercising an extension or termination option, the carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, except in this case the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount equal to the standalone price for the additional right of use assets obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

For contracts that include both a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to separate the non-lease components and exclude these from the lease liability calculations.

Accounting Policy Applied Before 1 October 2019

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.

1. Significant Accounting Policies continued

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.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in the Group Income Statement on a systematic basis in the same periods in which the related expenses are incurred and offset with the related expense. Grants that compensate the Group for the cost of an asset are recognised in the Group Income Statement as other income on a systematic basis over the useful life of the asset.

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.

1. Significant Accounting Policies continued

Revenue Recognition continued

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.

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.

Contract Fulfilment Assets

For certain contracts, the Group incurs costs necessary to fulfil obligations under a contract after 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.

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.

1. Significant Accounting Policies continued

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.

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.

1. Significant Accounting Policies continued

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.

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.

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.

1. Significant Accounting Policies continued

Financial Instruments continued

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.

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 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.

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.

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.

2. Significant Accounting Estimates and Judgements continued

Provisions and Deferred Contingent Consideration (Note 27)

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 27.

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 year is outlined in Note 27. Further details on measurement of contingent consideration and sensitivities are disclosed in Note 31.

Leases (Note 25)

Judgement is used in determining whether an extension or termination option will be exercised. Extension options and periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. All facts and circumstances that create an incentive to exercise an extension option or to not exercise a termination option are considered, including:

- If there are significant penalties to terminate a lease, the Group is typically reasonably certain to not terminate the lease.
- If the rental terms are favourable to current market terms, the Group is typically reasonably certain to extend the lease, or to not exercise a termination option.
- If leasehold improvement assets are considered to have a significant remaining value, the Group is typically reasonably certain to extend the lease, or to not terminate the lease.

Other factors considered in determining whether a lease extension option or lease termination option will be exercised include historical lease durations, the availability of alternative similar properties in the market, and the costs and business disruption to replace the leased asset. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

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.

Timing of Revenue Recognition

	2020			2019		
	Over time $'000	Point in time $'000	Total $'000	Over time $'000	Point in time $'000	Total $'000
Ashfield						
Communications & Advisory	411,989	–	411,989	383,253	–	383,253
Commercial & Clinical	477,430	2,033	479,463	564,614	2,382	566,996
Ashfield	889,419	2,033	891,452	947,867	2,382	950,249
Sharp	383,296	4,446	387,742	339,110	9,164	348,274
Group	1,272,715	6,479	1,279,194	1,286,977	11,546	1,298,523

Geographical Analysis of Revenue

	2020 $'000	2019 $'000
Republic of Ireland	4,850	6,364
United Kingdom	212,304	251,962
North America	873,936	826,420
Rest of World	188,104	213,777
	1,279,194	1,298,523

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

	2020 $'000	2019 $'000
Revenue from agent transactions	859	1,644

Contract Assets

	2020 $'000	2019 $'000
At 1 October	84,456	81,074
At 30 September	66,668	84,456
(Decrease)/increase	(17,788)	3,382

A contract asset (accrued income) is the right to consideration in exchange for goods or services transferred to the customer. Where the Group transfers services to a customer over time before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration to date under the contract. Contract assets are presented within trade and other receivables (Note 17) on the Group Balance Sheet and are expected to be realised in less than one year. Contract assets have decreased during the year due to a combination of timing of billings and the impact of Covid-19 in Ashfield.

3. Revenue continued

Contract Assets continued

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.

	2020	2019
Weighted average stage of completion of contract assets	69%	72%

	2020 $'000	2019 $'000
1% increase in average stage of completion	2,791	2,927
1% decrease in average stage of completion	(3,642)	(3,853)

Contract Liabilities

	2020 $'000	2019 $'000
At 1 October	80,444	62,517
At 30 September	73,376	80,444
(Decrease)/increase	(7,068)	17,927
Non-current	15,374	16,223
Current	58,002	64,221
Total at 30 September	73,376	80,444

A contract liability (deferred income) is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Where the 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 (Note 26) on the Group Balance Sheet.

Of the contract liability balance as at 1 October 2019, $64,789,000 has been recognised as revenue in the current year (2019: $55,904,000). The Group expects that long term contract liabilities will be recognised as revenue over an average period of five years (2019: four years).

Assets Recognised from Costs to Fulfil a Contract

Contract fulfilment assets arise primarily from contracts in Sharp for customer specific production facility installation or modification on Sharp's premises, and typically include costs for engineering, commissioning, qualification and validation. Contract fulfilment 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 movement in contract fulfilment assets in the year was:

	2020 $'000	2019 $'000
At 1 October	10,642	7,005
Assets recognised from costs incurred to fulfil contracts	10,985	11,483
Amortisation as costs of provided services during the year	(12,465)	(7,623)
Translation adjustment	328	(223)
At 30 September	9,490	10,642
Non-current	4,834	5,327
Current	4,656	5,315
Total at 30 September	9,490	10,642

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 plc 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.

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 – 2020

	Ashfield 2020 $'000	Sharp 2020 $'000	Group total 2020 $'000
Segment revenue	**891,452**	**387,742**	**1,279,194**
Adjusted operating profit*	**105,154**	**60,158**	**165,312**
Amortisation of acquired intangibles	**(30,782)**	**(1,549)**	**(32,331)**
Transaction costs	**(380)**	**(1,684)**	**(2,064)**
Exceptional items	**(7,732)**	**1,831**	**(5,901)**
Operating profit	**66,260**	**58,756**	**125,016**
Finance income			**19,021**
Finance expense			**(35,869)**
Profit before tax			**108,168**
Income tax expense			**(15,327)**
Profit for the financial year			**92,841**

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

4. Segmental Information continued

Geographical Analysis continued

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.

Segmental Assets and Liabilities – 2020

	Ashfield 2020 $'000	**Sharp 2020 $'000**	**Group total 2020 $'000**
Segment assets	**1,137,281**	**481,245**	**1,618,526**
Unallocated assets			**145,462**
			1,763,988
Segment liabilities	**(376,463)**	**(114,063)**	**(490,526)**
Unallocated liabilities			**(289,921)**
			(780,447)

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)

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.

4. Segmental Information continued

Other segmental information	Ashfield 2020 $'000	Sharp 2020 $'000	Group total 2020 $'000
Depreciation of property, plant and equipment	**7,584**	**15,257**	**22,841**
Depreciation of right of use assets	**14,732**	**2,430**	**17,162**
Capital expenditure[1]	**43,906**	**34,607**	**78,513**
Amortisation of acquired intangibles	**30,782**	**1,549**	**32,331**
Amortisation of computer software	**7,529**	**1,856**	**9,385**
Share-based payment expense	**3,930**	**1,669**	**5,599**

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

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

The results and assets of equity accounted investments are included within the individual business segment in which they are included for internal reporting.

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 2020 $'000	United Kingdom 2020 $'000	North America 2020 $'000	Rest of World 2020 $'000	Group total 2020 $'000
Revenue	**4,850**	**212,304**	**873,936**	**188,104**	**1,279,194**
Total assets	**130,493**	**415,881**	**1,015,054**	**202,560**	**1,763,988**
Capital expenditure[1]	**1,688**	**9,245**	**63,245**	**4,335**	**78,513**

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

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

5. Statutory and Other Information

	2020 $'000	2019 $'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**22,841**	23,130
Depreciation of right of use assets	**17,162**	–
Loss/(profit) on disposal of property, plant and equipment	**157**	(571)
Amortisation of intangible assets:		
– Amortisation of acquired intangibles	**32,331**	32,387
– Amortisation of computer software	**9,385**	8,027
Employee benefits	**673,853**	639,951
Operating lease rentals:		
– Land and buildings	**–**	15,205
– Other assets	**–**	9,307
Foreign exchange loss/(gain)	**3,228**	(58)

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

Auditor's Remuneration

	2020 $'000	2019 $'000
Fees payable to the Group auditors and to member firms of the Group auditors are as follows:		
Description of services		
Audit services:		
– Group	**1,649**	1,412
– Company	**9**	9
Other assurance services:		
– Group	**–**	–
– Company	**–**	–
Tax advisory services:		
– Group	**–**	–
– Company	**–**	–
Other non-audit services:		
– Group	**41**	34
– Company	**–**	–
	1,699	1,455

Group audit consists of fees payable for the consolidated and statutory audits of the Group and its subsidiaries.

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

	2020 $'000	2019 $'000
Audit services	**760**	472
Other assurance services	**–**	–
Tax advisory services	**–**	–
Other non-audit services	**–**	–
	760	472

6. Finance Income and Expense

	2020 $'000	2019 $'000
Finance income		
Income arising from cash deposits	**927**	2,280
Fair value adjustments to guaranteed senior unsecured loan notes	**2,000**	1,097
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**15,980**	12,414
Net finance income on defined benefit pensions	**114**	380
	19,021	16,171
Finance expense		
Interest on overdrafts	**(87)**	(60)
Interest on bank loans and other loans:		
– Wholly repayable within 5 years	**(8,588)**	(7,196)
– Wholly repayable after 5 years	**(576)**	(1,893)
Interest on lease liabilities (2019: Interest on finance leases)	**(3,174)**	(2)
Unwinding of discount on deferred consideration	**–**	(124)
Unwinding of discount on provisions	**(1,925)**	(1,515)
Fair value adjustments to fair value hedges	**(2,000)**	(1,097)
Fair value of cash flow hedges transferred to equity	**(15,980)**	(12,414)
	(32,330)	(24,301)
Net finance expense, pre-exceptional items	**(13,309)**	(8,130)
Finance (expense)/income relating to exceptional items (Note 9)	**(3,539)**	4,143
Net finance expense	**(16,848)**	(3,987)

7. Disposal of Subsidiaries

On 10 January 2020 the Group completed the disposal of Ashfield Pharmacovigilance, which was part of the Ashfield operating segment, based in the U.S. The following tables summarise the consideration received, profit on disposal and the net cash flow arising on the disposal:

	2020 $'000
Consideration	
Cash consideration received	**10,924**
Total consideration received	**10,924**
Assets and liabilities disposed of	
Property, plant and equipment	**1,004**
Intangible assets	**198**
Goodwill	**1,450**
Deferred tax assets	**213**
Trade and other receivables	**2,165**
Trade and other payables	**(529)**
Cash and cash equivalents	**1,000**
Net assets disposed of	**5,501**
Gain on disposal	
Total consideration received	**10,924**
Net assets disposed of	**(5,501)**
Disposal costs	**(166)**
Net profit on disposal of subsidiaries	**5,257**
Net cash flow from disposal of subsidiaries	
Cash and cash equivalents received	**10,924**
Cash and cash equivalents disposed of	**(1,000)**
Net cash inflow from disposal of subsidiaries	**9,924**

7. Disposal of Subsidiaries continued

The cash inflow from disposal of subsidiaries is presented within cash flows from investing activities in the Group Cash Flow Statement. The net gain on disposal is presented as an exceptional item (Note 9) and presented as other operating income in the Income Statement.

8. Income Tax Expense

Recognised in the income statement	2020 $'000	2019 $'000
Current income tax		
Ireland		
Adjustment in respect of prior years	5,843	1,206
Current year income tax on profit for the year	(2,729)	(2,981)
	3,114	(1,775)
Overseas		
Adjustment in respect of prior years	1,427	1,007
Current year income tax on profit for the year	(25,492)	(22,387)
	(24,065)	(21,380)
Total current income tax expense	(20,951)	(23,155)
Deferred income tax		
Origination and reversal of temporary differences:		
Property, plant and equipment	(1,253)	(401)
Leases	444	–
Intangible assets	9,522	7,084
Tax deductible goodwill	(5,966)	(5,202)
Employee benefits	335	301
Short-term temporary differences	2,542	4,587
Total deferred income tax credit	5,624	6,369
Income tax expense	(15,327)	(16,786)

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	2020 %	2020 $'000	2019 %	2019 $'000
Profit before tax		108,168		74,277
Taxation based on Irish corporation tax rate	12.5	(13,521)	12.5	(9,285)
Expenses not deductible for tax purposes		(1,135)		(2,497)
Loss on disposal of subsidiary not deductible		657		–
Tax on income from joint ventures		212		6
Losses recognised/(not utilised)		2,715		(1,069)
Differences in foreign tax rates		(10,536)		(5,481)
Exceptional tax credit (Note 9)		4,420		–
Adjustments in respect of prior years		1,861		1,540
		(15,327)		(16,786)

The Group's share of joint ventures' profit after tax includes a tax charge of $905,000 (2019: $27,000).

Recognised in other comprehensive income	2020 $'000	2019 $'000
Deferred tax		
Defined benefit schemes	(511)	846
Cash flow hedges	(889)	(1,153)
	(1,400)	(307)

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.

	Note	**2020 $'000**	2019 $'000
Restructuring costs and other	(a)	**10,219**	12,481
Sharp Europe rationalisation	(b)	**(2,477)**	10,445
Impairment of intangible assets	(c)	**–**	3,744
Impairment of property, plant and equipment	(c)	**861**	389
Impairment of right of use assets	(c)	**2,555**	–
Gain on disposal of subsidiary	(d)	**(5,257)**	–
Legal costs and settlements	(e)	**–**	14,994
Net operating exceptional items		**5,901**	42,053
Deferred contingent consideration	(f)	**3,539**	(4,143)
Net exceptional items before taxation		**9,440**	37,910
Exceptional items tax credit	(g)	**(4,420)**	–
Tax effect of exceptional items		**(2,303)**	(4,165)
Net exceptional items after taxation		**2,717**	33,745

(a) Restructuring Costs and Other

During the year, the Group implemented a restructuring of its Ashfield operations due to market conditions arising from the Covid-19 pandemic, primarily within the Meetings and Events business and the STEM business. Restructuring costs and other includes redundancy costs of $7,583,000, consulting and legal costs of $945,000, onerous contracts and termination costs of $1,857,000 and an accelerated share-based payment expense of $89,000. There was a $255,000 release of restructuring costs relating to the previous year. In the prior year, the Group incurred restructuring costs primarily relating to Ashfield Commercial & Clinical in Europe. A tax credit of $2,082,000 arose in respect of exceptional restructuring costs.

(b) Sharp Europe Rationalisation

The Group completed the rationalisation of Sharp's European operations during the year with the closure of the plant at Oudehaske, Netherlands. Following a successful closure programme, the cost of the rationalisation was lower than previously estimated resulting in an exceptional credit in the year. The tax impact of the exceptional rationalisation credit amounted to $619,000.

(c) Impairment of Assets

The Group incurred a one-off expense of $861,000 arising from the impairment of property, plant and equipment and $2,555,000 arising from the impairment of right of use assets. The impairment arose following a review of leased offices in Ashfield in the U.S. which resulted in a consolidation of leased space during the year. In the prior year, an impairment of intangible assets arose relating to software in Ashfield. A tax credit of $881,000 arose in respect of the impairment of assets.

(d) Gain on Disposal of Subsidiary

In January 2020, Ashfield disposed of Ashfield Pharmacovigilance, a U.S. based subsidiary that provides safety and risk management services supporting healthcare organisations. The business was not considered core to Ashfield's operations. As further outlined in Note 7, the disposal resulted in a gain of $5,257,000. The related tax charge was $41,000.

(e) Legal Costs and Settlements

In the prior year, the Group recognised $14,994,000 million of an exceptional charge after tax primarily relating to the settlement of a claim relating to the Group's disposal of United Drug in 2016 and other legal costs relating to protecting an Ashfield trademark.

(f) Deferred Contingent Consideration

Following review of expected performance of acquired business against earn-out targets, there was an increase in deferred contingent consideration of $3,539,000 primarily in respect of Putnam Associates in Ashfield. In the prior year, there was a release of contingent consideration of $4,143,000 following a review of earn-out targets.

(g) Exceptional Tax Credit

In the measurement of the Group's current tax liabilities, there are transactions and calculations, for which the ultimate tax determination can be both complex and uncertain. During the year, the Group recognised a credit of $4,420,000 on the remeasurement of current tax liabilities as a consequence of the resolution of a historic uncertain tax position.

10. Dividends – Equity Shares

	2020 $'000	2019 $'000
Dividends paid		
Final dividend for 2019 of 12.34 $ cent (2018: 11.75 $ cent) per share	**30,887**	29,224
Interim dividend for 2020 of 4.46 $ cent (2019: 4.46 $ cent) per share	**11,197**	11,101
Total dividends	**42,084**	40,325

The directors have proposed a final dividend for 2020 of 12.54 $ cent per share (2019: 12.34 $ cent per share) amounting to $31,486,000 (2019: $30,887,000), subject to shareholder approval at the upcoming AGM. The total dividend for the year, subject to shareholder approval, is 17.00 $ cent (2019: 16.80 $ cent) per share.

The final dividend for 2020 has not been provided for in the Balance Sheet at 30 September 2020, as there was no present obligation to pay the dividend at year end.

11. Earnings Per Ordinary Share

	Total 2020 $'000	Total 2019 $'000
Profit attributable to owners of the parent	**92,826**	57,451
Adjustment for amortisation of acquired intangible assets (net of tax)	**22,808**	25,302
Adjustment for transaction costs (net of tax)	**1,841**	2,098
Adjustment for exceptional items (net of tax)	**2,717**	33,745
Adjusted profit attributable to owners of the parent[1]	**120,192**	118,596

	2020 Number of shares	2019 Number of shares
Weighted average number of shares	**250,881,495**	249,110,546
Number of dilutive shares under options	**1,027,597**	1,551,905
Weighted average number of shares, including share options	**251,909,092**	250,662,451

	2020	2019
Basic earnings per share – $ cent	**37.00**	23.06
Diluted earnings per share – $ cent	**36.85**	22.92
Adjusted basic earnings per share – $ cent	**47.91**	47.61
Adjusted diluted earnings per share – $ cent	**47.71**	47.31

1 Adjusted profit attributable to equity holders of the parent from continuing operations is stated before the amortisation of acquired intangible assets ($22.8 million, net of tax), transaction costs ($1.8 million, net of tax) and exceptional items ($2.7 million, net of tax).

Non-GAAP 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. 1,202,686 (2019: 1,371,292) 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 2020						
Opening net book amount	**84,088**	**82,160**	**38**	**5,530**	**4,489**	**176,305**
Additions in year	**913**	**27,815**	**22**	**3,450**	**2,525**	**34,725**
Arising on acquisition	**–**	**4,917**	**–**	**79**	**–**	**4,996**
Depreciation charge	**(4,085)**	**(15,175)**	**(5)**	**(3,576)**	**–**	**(22,841)**
Impairment	**–**	**(861)**	**–**	**–**	**–**	**(861)**
Disposals in year	**(7)**	**(209)**	**–**	**(29)**	**–**	**(245)**
Disposal of subsidiaries	**–**	**(757)**	**–**	**(247)**	**–**	**(1,004)**
Transfer from intangible assets	**–**	**–**	**–**	**114**	**–**	**114**
Reclassifications	**(4,600)**	**6,261**	**(36)**	**1,140**	**(2,765)**	**–**
Translation adjustment	**1,431**	**1,113**	**–**	**99**	**208**	**2,851**
At 30 September 2020	**77,740**	**105,264**	**19**	**6,560**	**4,457**	**194,040**
At 30 September 2020						
Cost or deemed cost	**120,632**	**204,309**	**68**	**29,711**	**4,457**	**359,177**
Accumulated depreciation	**(42,892)**	**(99,045)**	**(49)**	**(23,151)**	**–**	**(165,137)**
Net book amount	**77,740**	**105,264**	**19**	**6,560**	**4,457**	**194,040**

	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

13. Goodwill

	2020 $'000	2019 $'000
At 1 October	**547,520**	515,954
Arising on acquisition (Note 29)	**23,810**	49,622
Measurement period adjustment (Note 29)	**267**	(1,451)
Disposals of subsidiaries (Note 7)	**(1,450)**	–
Translation adjustment	**12,954**	(16,605)
At 30 September	**583,101**	547,520

Goodwill arises on acquisitions. The goodwill acquired during the year relates to the acquisition of Canale Communications and the Macungie packaging facility (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 are 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. Following a reorganisation of reporting and management structures in Ashfield Commercial & Clinical, there are a total of seven (2019: eight) CGUs identified.

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

	2020 $'000	Number of CGUs	2019 $'000	Number of CGUs
Ashfield	**492,886**	**5**	459,818	6
Sharp	**90,215**	**2**	87,702	2
	583,101	**7**	547,520	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:

	2020 $'000	2019 $'000
Ashfield Healthcare Communications Group[1]	**228,804**	202,876
Ashfield Advisory Group	**118,131**	115,628
Ashfield Commercial & Clinical Europe Group[2]	**73,232**	–

1 Includes goodwill relating to Canale Communications which was acquired during the year (Note 29).
2 Ashfield Commercial & Clinical Europe Group is a new CGU arising during the year following a reorganisation of reporting and management structures in Ashfield.

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.

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 the estimated long-term growth rates.

13. Goodwill continued

Value in Use Calculations continued

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 1.9% to 2.2% (2019: 2.0% to 2.2%). 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 9.1% to 9.7% (2019: 9.4% to 10.3%). 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	
	2020	2019	2020	2019
Ashfield Healthcare Communications Group	9.1%	9.6%	2.1%	2.1%
Ashfield Advisory Group	9.6%	9.7%	2.1%	2.1%
Ashfield Commercial & Clinical Europe Group	9.7%	–	1.9%	–

Following the introduction of IFRS 16 Leases in the year commencing 1 October 2019, the lease right-of-use assets are included in the carrying amount of the CGUs for impairment testing. The cost of leasing is included in the determination of the discount rates based on a weighted average cost of capital specific to each CGU. As the cost of leasing is lower than the cost of equity, this results in lower discount rates compared to the prior year. The implementation of IFRS 16 Leases does not impact on the result of the goodwill impairment test.

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.

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%.

The Group has also performed a sensitivity analysis on the Group's CGUs assuming the Covid-19 pandemic and the restrictions imposed as a result continues until 30 September 2021 with normal growth assumed thereafter. 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.

14. Intangible Assets

	Computer software $'000	Customer relationships $'000	Trade names $'000	Contract-based $'000	Technology $'000	Total $'000
Year ended 30 September 2020						
Opening net book amount	**52,525**	**131,997**	**50,316**	**1,653**	**5,124**	**241,615**
Additions in year	**8,653**	**–**	**–**	**–**	**–**	**8,653**
Arising on acquisition	**209**	**2,550**	**3,440**	**130**	**–**	**6,329**
Disposal of subsidiaries	**(198)**	**–**	**–**	**–**	**–**	**(198)**
Amortisation of acquired intangible assets	**–**	**(21,740)**	**(8,192)**	**(1,238)**	**(1,161)**	**(32,331)**
Amortisation of computer software	**(9,385)**	**–**	**–**	**–**	**–**	**(9,385)**
Transfer to property, plant and equipment	**(114)**	**–**	**–**	**–**	**–**	**(114)**
Translation adjustment	**2,660**	**2,463**	**511**	**18**	**166**	**5,818**
At 30 September 2020	**54,350**	**115,270**	**46,075**	**563**	**4,129**	**220,387**
At 30 September 2020						
Cost or deemed cost	**87,404**	**250,959**	**93,074**	**18,227**	**18,351**	**468,015**
Accumulated amortisation	**(33,054)**	**(135,689)**	**(46,999)**	**(17,664)**	**(14,222)**	**(247,628)**
Net book amount	**54,350**	**115,270**	**46,075**	**563**	**4,129**	**220,387**

14. Intangible Assets continued

	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

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 (years)	Computer software	Customer relationships	Trade names	Contract-based	Technology
At 30 September 2020	**5.8**	**5.3**	**5.6**	**0.5**	**3.6**
At 30 September 2019	6.5	6.2	6.5	0.4	1.6

15. Equity accounted investments

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

	Joint ventures $'000	Associates $'000	Total $'000
At 30 September 2018	9,729	–	9,729
Share of profit after tax	50	–	50
Translation adjustment	437	–	437
At 30 September 2019	**10,216**	**–**	**10,216**
Investment in associate	**–**	**37,500**	**37,500**
Share of profit after tax	**1,709**	**663**	**2,372**
Translation adjustment	**228**	**–**	**228**
At 30 September 2020	**12,153**	**38,163**	**50,316**

Joint Ventures

Name	Nature of business	Segment	Group share	Investment
CMIC Ashfield Co., Ltd	Contract sales outsourcing	Ashfield	49.99%	Ordinary shares

CMIC Ashfield Co., Ltd has its registered office at 7-10-4 Nishi-Gotanda, Shinagawa-ku, Tokyo, Japan.

UDG Healthcare plc accounts for CMIC Ashfield Co. Limited as a joint venture 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.

15. Equity accounted investments continued

	2020 $'000	2019 $'000
Joint venture balance sheet (100%)		
Non-current assets	**4,527**	3,317
Cash and cash equivalents	**9,337**	2,562
Other current assets	**16,977**	18,074
Non-current liabilities	**(3,320)**	(2,490)
Current liabilities	**(14,660)**	(12,235)
Net assets	**12,861**	9,228
Carrying value of Group's interest in joint ventures:		
Group's equity interest	**49.99%**	49.99%
Group's share of net assets	**6,429**	4,613
Goodwill	**5,724**	5,603
Carrying value of Group's interest in joint ventures	**12,153**	10,216

	2020 $'000	2019 $'000
Revenue	**80,322**	71,705
Expenses, net of tax	**(76,903)**	(71,605)
Profit after tax	**3,419**	100
Group's equity interest	**49.99%**	49.99%
Group's share of profit after tax	**1,709**	50

At 30 September 2020, the Group's share of authorised but not contracted for capital expenditure of joint ventures was $nil (2019: $nil).

Associates

Name	Nature of business	Segment	Group share	Investment
Berkshire Sterile Manufacturing, LLC				
Berkshire Sterile Manufacturing, LLC has its registered office at 480 Pleasant Street, Lee, MA, 01238, United States of America.	Contract sterile packaging and manufacturing	Sharp	25%	Cumulative convertible preference shares[1]
Magir Limited (trading as Medicare)				
Magir Limited has its registered office at 44 Montgomery Road, Belfast, BT6 9ML, United Kingdom.	Healthcare and retail organisation	n/a	25%	Ordinary shares

1 Preferences shares provide for 25% voting rights and representation on the Board of Directors of BSM. They are convertible into ordinary shares.

On 24 July 2020, the Group acquired a 25% interest in Berkshire Sterile Manufacturing ('BSM'), a Massachusetts based sterile packaging and manufacturing services business, for $37,500,000. This investment expands Sharp's capabilities into sterile fill/finish manufacturing and is highly complementary to its existing clinical trial, packaging and related services.

BSM and Magir Limited are accounted for as associates due to the extent of the Group's investment, representation on the Board of Directors and contractual arrangements that provide the Group with significant influence over the financial and operating policy decisions of the associates.

The investment in Magir Limited was reclassified as an investment in associate in 2020, having been presented as held for sale in 2019. The investment was reclassified from held for sale as it is not highly probable that a sale will be concluded within a year. The investment in Magir is not material to present summary financial information as the investment is carried at $nil.

15. Equity accounted investments continued

Associates continued

Set out below is the summarised financial information for the Group's investment in associate, BSM.

	2020 $'000
Associate balance sheet (100%)	
Non-current assets	49,675
Cash and cash equivalents	12,351
Other current assets	7,410
Non-current liabilities	(17,804)
Current liabilities	(10,424)
Net assets	41,208
Carrying value of Group's interest in associates:	
Group's share of net assets[1]	10,786
Goodwill	27,377
Carrying value of Group's interest in associates	38,163

	2020 $'000
Revenue	10,511
Amortisation of intangible assets arising on investment	(3,361)
Expenses, net of tax	(6,432)
Profit after tax	718
Group's share of profit after tax[1]	663

1 The Group's effective share of net assets of the associate was 26% at 30 September 2020 owing to the cumulative preference dividend arising on the Group's investment in cumulative convertible preference shares in BSM. The preference shares and dividend rank above ordinary shares. The Group's share of profit of associate includes share of profit arising from cumulative preference dividend.

16. Inventories

	2020 $'000	2019 $'000
Raw materials	26,106	22,908
Work in progress	2,564	2,307
Finished goods	60	38
	28,730	25,253

In 2020, raw materials, work in progress and finished goods recognised as cost of sales amounted to $79,921,000 (2019: $81,341,000).

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.

17. Trade and Other Receivables

	2020 $'000	2019 $'000
Current		
Trade receivables	203,224	231,239
Other receivables	22,769	29,223
Contract assets (Note 3)	66,668	84,456
Prepayments	19,456	25,432
	312,117	370,350

17. Trade and Other Receivables continued

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

	2020 $'000	2019 $'000
Geographical analysis of risk		
Republic of Ireland	1,166	2,156
United Kingdom	15,939	20,687
North America	139,365	144,801
Rest of World	46,754	63,595
	203,224	231,239

The Group trades with a large number of clients on varied credit terms. 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. 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 Group has considered the general economic climate including the impact of the Covid-19 pandemic in its determination of the expected credit loss provision. Impairments are recorded in the Group Income Statement on identification.

The ageing of trade receivables, under the IFRS 9 expected credit loss model, at 30 September 2020 and 2019 was:

	2020				2019			
	Gross value $'000	Impairment $'000	Net $'000	Weighted average loss rate	Gross value $'000	Impairment $'000	Net $'000	Weighted average loss rate
Not past due	178,143	(841)	177,302	0.5%	188,237	(412)	187,825	0.2%
Past due								
0–30 days	16,513	(206)	16,307	1.2%	29,264	(462)	28,802	1.6%
31–90 days	6,326	(235)	6,091	3.7%	10,108	(488)	9,620	4.8%
91–180 days	3,737	(499)	3,238	13.4%	3,714	(531)	3,183	14.3%
+181 days	1,758	(1,472)	286	83.7%	3,260	(1,451)	1,809	44.5%
Past due	28,334	(2,412)	25,922	8.5%	46,346	(2,932)	43,414	6.3%
Total trade receivables	206,477	(3,253)	203,224	1.6%	234,583	(3,344)	231,239	1.4%

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

	2020 $'000	2019 $'000
At beginning of the year	3,344	2,656
Acquisitions in year	45	43
Bad debts written off during the year	(325)	(103)
Impairment loss recognised during the year	73	875
Translation adjustment	116	(127)
At end of year	3,253	3,344

18. Equity Share Capital

Equity share capital	Number of shares 2020	2020 $'000	Number of shares 2019	2019 $'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	251,085,412	14,283	249,347,507	14,186
Redeemable ordinary shares of €0.05 each	7,528,066	492	7,528,066	492
In issue at 30 September	258,613,478	14,775	256,875,573	14,678

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	
	2020	2019	2020	2019
In issue at beginning of year	249,347,507	248,712,639	7,528,066	7,528,066
Exercise of share options	1,014,130	634,868	–	–
Issued in settlement of deferred consideration	723,775	–	–	–
In issue at end of year	251,085,412	249,347,507	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 2020 was €179,397,000 (2019: €78,986,000). 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

	2020 $'000	2019 $'000
At 1 October	198,978	197,837
Premium arising on shares issued	756	1,141
Issued in settlement of deferred consideration	6,160	–
At 30 September	205,894	198,978

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 2019	(7,816)	16,605	(144,219)	(7,676)	347	(142,759)
Effective portion of cash flow hedges	7,111	–	–	–	–	7,111
Deferred tax on cash flow hedges	(889)	–	–	–	–	(889)
Share-based payment expense	–	5,688	–	–	–	5,688
Release from share-based payment reserve	–	(5,157)	–	–	–	(5,157)
Translation adjustment	–	–	9,561	–	–	9,561
At 30 September 2020	(1,594)	17,136	(134,658)	(7,676)	347	(126,445)

Included in the cash flow hedging reserve is an amount of $726,000 (2019: $360,000) relating to the cost of hedging for currency basis spreads on the Group's cross currency interest rate swaps, which the Group has elected to recognise in the cost of hedging reserve.

21. Other Reserves continued

	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 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 2020, 7,528,066 (2019: 7,528,066) treasury shares were held by the Group, representing 2.91% (2019: 2.93%) of the issued ordinary and redeemable ordinary share capital of the Company.

22. Retained Earnings

	2020 $'000	2019 $'000
At 1 October	**829,459**	808,647
Change in accounting policy (Note 34)	**1,924**	3,822
Restated total equity at the beginning of the financial year	**831,383**	812,469
Net income recognised directly in the Income Statement	**92,826**	57,451
Net income recognised directly in Other Comprehensive Income:		
– Remeasurement gain/(loss) on Group defined benefit schemes	**2,307**	(3,905)
– Deferred tax on Group defined benefit schemes	**(511)**	846
Dividends paid to equity holders	**(42,084)**	(40,325)
Release from share-based payment reserve	**5,157**	2,923
At 30 September	**889,078**	829,459

23. Non-controlling Interests

	2020 $'000	2019 $'000
At 1 October	**207**	171
Share of profit for the financial year	**15**	40
Translation adjustment	**17**	(4)
At 30 September	**239**	207

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

	2020 $'000	2019 $'000
Non-current		
Guaranteed senior unsecured notes	**276,920**	174,704
Finance leases	**–**	30
	276,920	174,734
Current		
Guaranteed senior unsecured notes	**–**	64,862
Bank borrowings	**64**	416
Finance leases	**–**	19
	64	65,297

Interest-bearing loans and borrowings are repayable as follows:

	2020 $'000	2019 $'000
Bank borrowings, overdrafts and guaranteed senior unsecured notes		
Within one year	**64**	65,278
After one but within two years	**(740)**	(362)
After two but within five years	**166,103**	117,215
After five years	**111,557**	57,851
Finance leases		
Within one year	**–**	19
After one but within two years	**–**	30
	276,984	240,031
Non-current	**276,920**	174,734
Current	**64**	65,297
	276,984	240,031

24. Interest-bearing Loans and Borrowings continued

In September 2010, the Group completed a $130 million debt financing in the U.S. Private Placement Market. The notes were repaid in full in September 2020.

	2020 $'000	2019 $'000
5.25% Series 'B' guaranteed senior unsecured notes, 2020	–	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:

	2020 $'000	2019 $'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

	2020 €'000	2019 €'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 notes remains outstanding:

	2020 €'000	2019 €'000
2.64% Series 'A' guaranteed senior unsecured notes, 2026	10,000	10,000
	10,000	10,000

In respect of the senior unsecured notes issued in 2010, 2013 and 2014, 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.

In August 2020, the Group completed a $99.9 million debt financing in the U.S. Private Placement Market. The following notes remains outstanding:

	2020 $'000	2019 $'000
3.07% Series 'B' guaranteed senior unsecured notes, 2030	99,900	–
	99,900	–

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. These loans are repayable in full on maturity.

Borrowing Facilities

In March 2020, the Group renewed its senior bank debt facility extending the term to May 2025.

At year end the Group has $245,868,000 (2019: $228,669,000) of committed, undrawn multi-currency senior debt loan facilities with a maturity date of 31 May 2025. The Group also has $5,854,000 (2019: $5,445,000) 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. Net debt excludes IFRS 16 lease liabilities.

25. Leases

The Group leases various offices, vehicles, machinery and other equipment used in its operations. Rental contracts for offices generally have lease terms between 3 and 20 years, while motor vehicles and other equipment generally have lease terms between 1 and 6 years. The Group also has certain leases of motor vehicles with lease terms of 12 months or less and leases of equipment with low value. The Group applies the recognition exemptions for these leases available in accordance with IFRS 16.

Right of Use Assets

	Land and buildings $'000	Motor vehicles, plant and other equipment $'000	Total $'000
Year ended 30 September 2020			
At 1 October (Note 34)	75,241	5,920	81,161
Additions	15,552	5,215	20,767
Arising on acquisition	7,938	–	7,938
Depreciation	(12,936)	(4,226)	(17,162)
Impairment	(2,555)	–	(2,555)
Termination of lease contracts	(141)	(217)	(358)
Modification of lease contracts	(2,614)	191	(2,423)
Translation adjustment	963	3	966
At 30 September 2020	**81,448**	**6,886**	**88,334**

Lease Liabilities

	2020 $'000
At 1 October (Note 34)	94,087
Additions	20,790
Arising on acquisition	7,790
Cash payments	(20,272)
Accretion of interest	3,174
Termination of lease contracts	(378)
Modification of lease contracts	(2,423)
Translation adjustment	971
At 30 September	**103,739**
Non-current	86,962
Current	16,777
Total at 30 September	**103,739**
Total cash outflow for leases	**24,527**

Total cash outflow for leases includes interest expense and principal repayments of lease liabilities, short-term leases and low value leases.

The maturity analysis of lease liabilities is disclosed in Note 31. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 32. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

As at 30 September 2020, future cash outflows of $22,467,000 (undiscounted) related to extension options on the leases have been included in the determination of the lease liabilities as it is considered reasonably certain that the leases will be extended. Potential future cash outflows of $6,879,000 (undiscounted) related to periods for which there are termination options, have not been included in the determination of the lease liabilities as it concluded it is reasonably certain that the leases will be terminated. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a decrease in recognised lease liabilities and right of use assets of $2,423,000.

25. Leases continued

Lease Liabilities continued

Other amounts relating to leases recognised in profit or loss are as follows:

	2020 $'000
Expenses relating to short-term leases	3,442
Expenses relating to leases of low-value assets	813
Income from sub-leasing right of use assets	(1,225)

Expenses relating to short-term leases are mainly for motor vehicle and office leases that had less than one year remaining on transition to IFRS 16. Expenses relating to low-value leased assets consist mainly of office and IT equipment that are individually low value items.

26. Trade and Other Payables

	2020 $'000	2019 $'000
Current		
Trade payables	35,170	35,658
Accruals	110,202	97,993
Contract liabilities (Note 3)	58,002	64,221
Other payables	11,080	35,423
PAYE, VAT and social welfare	21,949	13,390
	236,403	246,685
Non-current		
Contract liabilities (Note 3)	15,374	16,223
Other payables	–	7,630
	15,374	23,853

27. Provisions

	Deferred contingent consideration 2020 $'000	Onerous leases 2020 $'000	Restructuring and other costs 2020 $'000	Total 2020 $'000	Total 2019 $'000
At the beginning of the year	78,184	1,537	14,105	93,826	108,445
Charge to income statement	3,539	106	7,547	11,192	29,137
Arising on acquisitions (Note 29)	10,461	–	1,665	12,126	26,669
Utilised during the year	(3,585)	(99)	(13,964)	(17,648)	(29,335)
Unwinding of discount	1,925	–	–	1,925	1,515
Reclassification	–	(1,310)	342	(968)	(41,566)
Translation adjustment	346	23	537	906	(1,039)
At 30 September 2020	90,870	257	10,232	101,359	93,826
Non-current	55,313	–	1,665	56,978	74,193
Current	35,557	257	8,567	44,381	19,633
Total	90,870	257	10,232	101,359	93,826

Deferred Contingent Consideration

The deferred contingent consideration liability represents the fair value of amounts which may become payable over the period from October 2020 to October 2025 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 $3,585,000 (2019: $812,000) with respect to prior year acquisitions. Following review of expected performance of acquired businesses against earn-out targets, there was an increase in deferred contingent consideration of $3,539,000 primarily in respect of Putnam Associates in Ashfield. In the prior year, there was a release of contingent consideration of $4,143,000 following a review of earn-out targets (Note 9). Further details on the measurement of contingent consideration and sensitivities are disclosed in Note 31.

27. Provisions continued

Onerous Leases

The onerous lease relates to a property that the Group remains committed to following the integration of the businesses acquired in prior years. The property is being proactively managed. In calculating the provisions, the Group made certain estimates and assumptions in assessing the amount provided. The provision was 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 lease. The cash outflows will be incurred during the period from October 2020 to April 2021. The Group availed of the practical expedient on adoption of IFRS 16 Leases to rely on the assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Consequently, right of use assets were adjusted on transition by the amount of the provisions for onerous leases recognised at 30 September 2019 (Note 34). The remaining onerous lease balance relates to a lease with a lease term of less than one year.

Restructuring and Other Costs

This provision primarily relates to redundancy and other restructuring costs associated with the implementation of the restructuring of operations within Ashfield following the impact of the Covid-19 pandemic, primarily within the Meetings and Events and the STEM businesses. The Group restructuring provision recognised in the year includes redundancy costs of $7,583,000, consulting and legal costs of $945,000 and onerous contracts and termination costs of $1,751,000. A credit of $2,477,000 has been recognised relating to the prior year provision for the rationalisation of Sharp's European operations where the cost of the rationalisation was lower than previously estimated. There was a $255,000 release relating to other prior year restructuring costs. The provision arising on acquisition relates to a dilapidation provision for the future cost of dismantling the leased packaging facility acquired in Macungie (Note 29).

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 2020:

	Property, plant and equipment $'000	Leases $'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 2019	(11,040)	–	(9,713)	(28,770)	(1,764)	17,202	(34,085)
Recognised in Income Statement	(1,253)	444	9,522	(5,966)	335	2,542	5,624
Recognised in Other Comprehensive Income	–	–	–	–	(511)	(889)	(1,400)
Arising on acquisition	(668)	–	–	233	–	102	(333)
Arising on disposal	173	–	(3,267)	2,737	–	144	(213)
Arising on transition to IFRS 16 (Note 34)	–	3,315	–	–	–	(1,391)	1,924
Measurement period adjustments (Note 29)	(267)	–	–	–	–	–	(267)
Exchange differences and other	(136)	27	(540)	38	(35)	475	(171)
At 30 September 2020	**(13,191)**	**3,786**	**(3,998)**	**(31,728)**	**(1,975)**	**18,185**	**(28,921)**
Analysed as:							
Deferred tax asset	19	–	(812)	(353)	–	5,227	4,081
Deferred tax liability	(13,210)	3,786	(3,186)	(31,375)	(1,975)	12,958	(33,002)
	(13,191)	3,786	(3,998)	(31,728)	(1,975)	18,185	(28,921)

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	–	–	–	–	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)

28. Deferred Income Tax Assets and Liabilities continued

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 2020, the Group has unused tax losses and other timing differences of $11,275,000 (2019: $33,450,000) 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 $5,907,000 (2019: $28,430,000) which will expire within the next nine years. The remaining tax losses carry forward indefinitely.

29. Business Combinations

The Group completed the acquisition of 100% of Canale Communications, Inc. ('CanaleComm') on 12 November 2019. CanaleComm is a U.S.-based healthcare strategic communications agency, with specialist capabilities in corporate communications, public relations and investor relations. CanaleComm is presented as part of the Ashfield operating segment, and significantly strengthens the Group's public relations offering in the U.S.

On 15 May 2020, the Group completed the acquisition of the trade and assets of a U.S.- based pharmaceutical packaging facility at Macungie, Pennsylvania. The facility provides further primary, secondary and tertiary packaging space, warehouse facilities and additional capacity to expand. The acquisition provides an opportunity to expand Sharp's capacity in the Allentown area, and is reported as part of the Sharp operating segment.

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

	Arising on acquisition $'000
Property, plant and equipment	4,996
Right of use assets	7,938
Intangible assets – computer software	209
Intangible assets – arising on acquisition	6,120
Inventory	494
Trade and other receivables	4,411
Trade and other payables	(863)
Lease liabilities	(7,790)
Deferred tax liabilities	(333)
Provisions	(1,665)
Cash acquired	60
Net assets acquired	13,577
Goodwill	23,810
Consideration	37,387
Satisfied by:	
Cash consideration	26,926
Deferred contingent consideration	10,461
Total consideration	37,387
Net cash outflow – arising on acquisitions	
Cash consideration	26,926
Less: Cash and cash equivalents	(60)
Net cash outflow	26,866

The total transaction related costs for completed and aborted acquisitions amounts to $2,064,000. These are presented separately in the Group Income Statement.

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 business 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 $23,810,000.

29. Business Combinations continued

The intangible assets arising on the acquisitions primarily relate to the trade names, customer relationships, and customer contracts. The gross contractual value of trade and other receivables on acquisition amounted to $4,456,000. The fair value of trade and other receivables recognised on acquisition was $4,411,000. No contingent liabilities were recognised on the acquisitions completed during the financial year.

Contingent consideration is payable to the sellers of CanaleComm after three years, based on the achievement of certain profit targets. The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payments to present value at the acquisition date. For contingent consideration to become payable, the pre-defined profit thresholds must be achieved by the acquired business. On an undiscounted basis, the future payments for which the Group may be liable in respect of the current year acquisitions range from $nil to $11,000,000.

The Group's results for the year ended 30 September 2020 included the following amounts in respect of the businesses acquired during the year:

	2020 Total $'000
Revenue	12,298
Profit for the year	1,497

The proforma revenue and profit of the Group for the year ended 30 September 2020 would have been $1,286,117,000 and $91,707,000 respectively had the acquisitions taken place at the start of the reporting year. The proforma results for the year include the estimate of tax expense and amortisation of intangible assets arising on acquisition.

During the year, the Group finalised the acquisition accounting for Putnam Associates, LLC, which was acquired on 20 May 2019. This led to an increase in deferred tax liabilities of $267,000 and a corresponding increase 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	**40,476**	**267**	**40,743**
Deferred tax liabilities	**–**	**(267)**	**(267)**

30. Employee Benefits

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

	2020 $'000	2019 $'000
Wages and salaries	**589,184**	550,074
Social security contributions	**55,062**	57,348
Pension costs – defined contribution schemes	**13,082**	11,226
Pension costs – defined benefit schemes	**3,254**	2,981
Share-based payment expense	**5,688**	4,720
Termination benefits	**7,583**	13,602
	673,853	639,951

During the year the Group capitalised employee costs amounting to $468,000 (2019: $1,030,000) relating to intangible assets – computer software. The Group also capitalised employee costs amounting to $518,000 (2019: $849,000) relating to property, plant and equipment.

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

	2020 Number	2019 Number
Marketing, distribution and selling	**6,110**	6,193
Operational	**1,640**	1,524
Administration	**84**	73
	7,834	7,790

A further 1,428 (2019: 1,232) personnel are employed in the Group's joint ventures and associates.

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:

	2020 $'000	2019 $'000
Employee benefit asset	**8,592**	7,636

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

	2020 $'000	2019 $'000
United States defined benefit scheme (U.S. scheme)	**5,727**	6,795
Republic of Ireland defined benefit schemes (ROI schemes)	**2,865**	841
Net surplus	**8,592**	7,636

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 2020 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	
	2020	2019	**2020**	2019
Increase in salaries	**n/a**	n/a	**4.00%**	2.75%–4.00%
Increase in pensions	**0-1.25%**	0–1.25%	**0.00%**	0.00%
Inflation rate	**1.25%**	1.25%	**2.75%**	2.75%
Discount rate	**0.85%**	0.85%	**2.40%**	3.00%

The ROI schemes have a remeasurement gain in the current year resulting from experience gains on liabilities. The U.S. scheme has a remeasurement gain in the current year resulting from changes in the assumptions used to measure liabilities of the plan. 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	
	2020	2019	**2020**	2019
Current pensioners				
Male	**21.8**	21.7	**21.7**	21.0
Female	**24.2**	24.1	**24.0**	24.6
Future pensioners				
Male	**24.1**	24.0	**22.0**	21.3
Female	**26.2**	26.1	**24.5**	25.1

30. Employee Benefits continued

The market value of the assets in the pension schemes at 30 September 2020 were:

	%	ROI 2020 $'000	%	U.S 2020 $'000
Equities:				
– Developed markets	10	3,862	35	12,466
– Emerging markets	–	–	6	2,316
Bonds:				
– Government	61	22,706	34	12,276
– Non-government	3	1,029	24	8,464
Cash	26	9,509	1	151
Fair value of scheme assets	100	37,106	100	35,673
Present value of scheme obligations		(34,241)		(29,946)
Employee benefits asset		2,865		5,727
Deferred income tax liability		(668)		(1,307)
Net asset		2,197		4,420

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

Movements in Fair Value of Plan Assets

	ROI 2020 $'000	U.S. 2020 $'000	Total 2020 $'000	ROI 2019 $'000	U.S. 2019 $'000	Total 2019 $'000
At 1 October	34,189	33,750	67,939	32,409	33,931	66,340
Interest income on plan assets	300	875	1,175	628	1,224	1,852
Employer contributions	1,642	–	1,642	1,286	–	1,286
Benefit payments	(1,344)	(1,252)	(2,596)	(1,371)	(1,449)	(2,820)
Return on plan assets excluding interest income	(266)	2,300	2,034	3,419	44	3,463
Translation adjustment	2,585	–	2,585	(2,182)	–	(2,182)
At 30 September	37,106	35,673	72,779	34,189	33,750	67,939

30. Employee Benefits continued

Movements in Present Value of Defined Benefit Obligations

	ROI 2020 $'000	U.S. 2020 $'000	Total 2020 $'000	ROI 2019 $'000	U.S. 2019 $'000	Total 2019 $'000
At 1 October	33,348	26,955	60,303	30,747	22,658	53,405
Current service costs	–	3,254	3,254	–	2,981	2,981
Interest on scheme obligations	286	775	1,061	583	889	1,472
Benefit payments	(1,344)	(1,252)	(2,596)	(1,371)	(1,449)	(2,820)
Remeasurement loss/(gain)	(487)	1,234	747	(184)	148	(36)
Effect of changes in actuarial assumptions	–	(1,020)	(1,020)	5,676	1,728	7,404
Translation adjustment	2,438	–	2,438	(2,103)	–	(2,103)
At 30 September	34,241	29,946	64,187	33,348	26,955	60,303

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

	2020 $'000	2019 $'000
Return on plan assets excluding interest income	2,034	3,463
Remeasurement (loss)/gain on experience variations	(747)	36
Effect of changes in actuarial assumptions:		
– Changes in demographic assumptions	17	15
– Changes in financial assumptions	1,003	(7,419)
Total included in Group Statement of Comprehensive Income	2,307	(3,905)

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

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

	ROI 2020 $'000	U.S. 2020 $'000	Total 2020 $'000
Current service costs	–	(3,254)	(3,254)
Interest cost on scheme obligations	(286)	(775)	(1,061)
Interest income on scheme assets	300	875	1,175
	14	(3,154)	(3,140)

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

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

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

The expected employer's contribution for the year ended 30 September 2021 is $1,642,000.

30. Employee Benefits continued

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	**857**	**874**	**2,884**	**5,336**	**9,951**
U.S. scheme	**2,654**	**2,215**	**7,799**	**95,256**	**107,924**
At 30 September 2020	**3,511**	**3,089**	**10,683**	**100,592**	**117,875**
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

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 2020 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 4.6%	↓↑ by 2.1%
Price inflation	Increase/Decrease by 0.25%	↑↓ by 2.0%	↑↓ by 0.0%
Mortality	Increase by one year	↑ by 4.3%	↑ by 0.3%

Share-based Payment

	2020 $'000	2019 $'000
Executive Share Option Plan expense	**–**	10
LTIP expense	**5,599**	4,390
Pre-exceptional Share-based payment expense	**5,599**	4,400
LTIP accelerated Share-based payment expense (Note 9)	**89**	320
Total share-based payment expense	**5,688**	4,720

$1,080,000 (2019: $666,000) of the total share-based payment expense recognised in the Group Income Statement relates to the directors.

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 (2019: 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 2020 $	Number of share options 2020 '000	Weighted average exercise price 2019 $	Number of share options 2019 '000
Outstanding at beginning of year	**7.08**	**285**	6.95	511
Forfeited during the year	**–**	**–**	6.24	(13)
Exercised during the year	**7.17**	**(139)**	6.84	(213)
Outstanding at end of year	**6.99**	**146**	7.08	285
Exercisable at end of year	**6.99**	**146**	7.08	285

30. Employee Benefits continued

Share-based Payment continued

The weighted average share price at the date of exercise of share options during the year was $8.81 (2019: $8.73). The weighted average remaining contractual life for the share options outstanding at 30 September 2020 was 2.6 years (2019: 3.9 years).

At 30 September 2020, the range of exercise prices of outstanding share options was from $6.24 to $7.78 (2019: $6.24 to $7.78).

Analysis of ESOP Share Options Outstanding at Year End

Share option by exercise price:

	Exercise price £	Number of options 2020 '000	Number of options 2019 '000
	5.13	71	155
	3.73	75	130
Total options outstanding – sterling denominated		146	285

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 88 to 103. During the year 912,182 (2019: 1,031,826) 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 2020 and 2019 is set out below.

	2020 Market-based awards	2020 Non-market based awards	2020 Market-based awards	2020 Non-market based awards	2020 Non-market based awards	2020 Non-market based awards	2020 Market-based awards	2020 Non-market based awards
Grant date	04/12/2019	04/12/2019	04/12/2019	04/12/2019	04/12/2019	04/12/2019	04/12/2019	04/12/2019
Fair value at grant date	$6.50	$10.42	$6.50	$10.42	$10.42	$9.61	$5.98	$9.61
Share price at grant date	$10.46	$10.46	$10.46	$10.46	$10.46	$10.46	$10.46	$10.46
Exercise price	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06
Expected volatility	26.98%	26.98%	26.98%	26.98%	n/a	n/a	26.98%	26.98%
Expected life	6 years	6 years	5 years	5 years	5 years	5 years	5 years	5 years
Risk-free interest rate	0.52%	0.52%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Valuation model	Monte Carlo Option Pricing Model	Monte Carlo Option Pricing Model	Monte Carlo Option Pricing Model	Monte Carlo Option Pricing Model	Black-Scholes Option Pricing Model	Black-Scholes Option Pricing Model	Monte Carlo Option Pricing Model	Monte Carlo Option Pricing Model
Performance period	3 years	3 years	3 years	3 years	n/a	n/a	3 years	3 years
Vesting period	5 years	5 years	3 years	3 years	3 years	3 years	3 years	3 years

	2020 Non-market based awards	2020 Non-market based awards	2020 Non-market based awards
Grant date	21/09/2020	21/09/2020	21/09/2020
Fair value at grant date	$9.29	$9.29	$9.29
Share price at grant date	$9.35	$9.35	$9.35
Exercise price	$0.06	$0.06	$0.06
Expected volatility	16.5%	16.5%	16.5%
Expected life	4 years	4 years	5 years
Risk-free interest rate	0%	0%	0%
Valuation model	Black-Scholes option pricing model	Black-Scholes option pricing model	Black-Scholes option pricing model
Performance period	n/a	n/a	n/a
Vesting period	0.4 years	1 year	2 years

30. Employee Benefits continued

LTIP continued

	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

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

	Weighted average exercise price 2020 $	**Number of share options 2020 '000**	Weighted average exercise price 2019 $	Number of share options 2019 '000
Outstanding at beginning of year	**0.06**	**3,336**	0.06	3,238
Forfeited during the year	**0.06**	**(275)**	0.06	(512)
Exercised during the year	**0.06**	**(874)**	0.06	(422)
Granted during the year	**0.06**	**912**	0.06	1,032
Outstanding at end of year	**0.06**	**3,099**	0.06	3,336
Exercisable at end of year	**0.06**	**418**	0.06	373

The weighted average share price at the date of exercise of share options during the year was $8.85 (2019: $9.34). The weighted average remaining contractual life for the share options outstanding at 30 September 2020 was 4.4 years (2019: 4.1 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 2020	**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)	**–**	**–**	**292,661**	**292,661**	**292,661**
Derivative financial assets	**–**	**14,742**	**–**	**14,742**	**14,742**
Cash and cash equivalents	**–**	**–**	**246,045**	**246,045**	**246,045**
	–	**14,742**	**538,706**	**553,448**	**553,448**
Trade and other payables (Note 26)	**–**	**–**	**178,401**	**178,401**	**178,401**
Interest-bearing loans and borrowings (Note 24)	**–**	**–**	**276,984**	**276,984**	**279,474**
Lease liabilities (Note 25)	**–**	**–**	**103,739**	**103,739**	**103,739**
Deferred contingent consideration (Note 27)	**90,870**	**–**	**–**	**90,870**	**90,870**
	90,870	**–**	**559,124**	**649,994**	**652,484**

31. Financial Instruments and Financial Risk continued

Fair Values Versus Carrying Amounts continued

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 26)	–	–	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 27)	78,184	–	–	78,184	78,184
	78,184	–	422,497	500,681	503,514

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 2020

	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	–	14,742	–	14,742
	–	14,742	–	14,742
Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	–	–	90,870	90,870
	–	–	90,870	90,870

31. Financial Instruments and Financial Risk continued

Valuation Techniques and Significant Unobservable Inputs continued

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

Derivative Financial Instruments

	2020 $'000	2019 $'000
Derivative financial assets		
Current	**1,604**	8,878
Non-current	**13,138**	15,395
	14,742	24,273
Derivative financial liabilities	**–**	–
Net derivative financial asset	**14,742**	24,273

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 $14,742,000 (2019: $24,273,000) 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 consist of fixed to fixed rate swaps. In prior year, the swaps were 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 2020 was $nil (2019: asset of $1,944,000).

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 2020 was an asset of $14,742,000 (2019: asset of $22,329,000), 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.

31. Financial Instruments and Financial Risk continued

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 27. 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 2020.

The significant unobservable inputs are:
- forecast weighted average EBIT growth rate 13% (2019: 19%); and
- risk adjusted discount rate 0.7%–2.8% (2018: 0.7%–2.8%).

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 2020, 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)	**985**	**(1,100)**
Risk-adjusted discount rate (1% movement)	**(1,427)**	**1,456**

Capital Management

The Board considers capital to consist of equity (share capital, share premium, other reserves 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.

	2020 $'000	2019 $'000
Capital and reserves attributable to the equity holders of the Company	**983,302**	900,356
Net debt	**16,197**	80,530
Capital and net debt	**999,499**	980,886

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.

	2020 times	2019 times
Net debt to EBITDA	**0.1**	0.4
EBITDA interest cover	**23.3**	28.1

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.

31. Financial Instruments and Financial Risk continued

Credit Risk continued

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 2020 of $246,045,000 (2019: $135,228,000), 66% (2019: 56%) was with financial institutions with a Standard & Poor's A1 short-term credit rating, 26% (2019: 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.

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. The U.S. dollar private placement borrowings are secured at fixed interest rates. In prior years borrowings were initially secured at floating interest rates. 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 $nil (2019: $138,000).

Effect of reduction of one hundred basis points:

	2020 $'000	2019 $'000
Profit before tax	–	138

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 2020

	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	2023	Fixed USD interest rate to fixed Euro interest rate	**80,707**	**105,000**	**11,102**
Cross-currency Interest Rate Swap	2025	Fixed USD interest rate to fixed Euro interest rate	**26,902**	**35,000**	**3,640**
Total fair value of derivatives					**14,742**

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

31. Financial Instruments and Financial Risk continued

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 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:€0.8924 (2019: $1:€0.8865) and sterling profits were translated at $1:£0.7844 (2019: $1:£0.7839).

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 2020 and 2019 arising from foreign currency transactions are set out in the table below.

	Euro 2020 $'000	Sterling 2020 $'000	U.S. dollar 2020 $'000	Total 2020 $'000
Cash and cash equivalents	400	2,427	3,961	6,788
Trade receivables	3,687	–	6,329	10,016
Trade and other payables	(81)	(513)	(323)	(917)
	4,006	1,914	9,967	15,887

	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

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% weakening 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 euro, a 5% weakening of the U.S. dollar against the euro at 30 September 2020 and 30 September 2019 would have increased equity and profit after tax by the amounts shown below:

	2020 $'000	2019 $'000
Profit after tax	173	558

31. Financial Instruments and Financial Risk continued

Currency Risk continued

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% weakening of the U.S. dollar against sterling at 30 September 2020 and 30 September 2019 would have increased equity and profit after tax by the amounts shown below:

	2020 $'000	2019 $'000
Profit after tax	82	149

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 2020	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	64	64	64	–	–	–	–
Lease liabilities	103,739	113,656	9,982	9,809	17,480	42,549	33,836
Fixed rate unsecured guaranteed senior notes	276,920	333,371	4,722	4,722	9,444	187,487	126,996
Trade and other payables	178,401	178,401	178,401	–	–	–	–
Deferred contingent consideration	90,870	97,671	9,135	26,390	24,720	37,426	–
Derivative financial instruments							
Cash flow hedges	(14,742)	(16,730)	(270)	(270)	(541)	(15,649)	–
	635,252	706,433	202,034	40,651	51,103	251,813	160,832

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

31. Financial Instruments and Financial Risk continued

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 2020	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	0.19%	246,045	246,045	–	–	–
Other loans and borrowings	15.75%	(64)	(64)	–	–	–
Fixed rate unsecured guaranteed senior notes	3.37%	(276,920)	–	740	(166,103)	(111,557)
Total before derivatives		(30,939)	245,981	740	(166,103)	(111,557)
Derivatives		14,742	1,603	1,600	11,539	–
Net (debt)/cash		(16,197)	247,584	2,340	(154,564)	(111,557)
Lease liabilities	3.17%	(103,739)	(16,777)	(15,206)	(39,347)	(32,409)
Net (debt)/cash including lease liabilities		(119,936)	230,807	(12,866)	(193,911)	(143,966)

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)

The effect of the derivatives included for the year ended 30 September 2020 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

	Lease liabilities 2020 $'000	Interest bearing loans and liabilities 2020 $'000	Total 2020 $'000	Interest bearing loans and liabilities 2019 $'000	Total 2019 $'000
At the beginning of the year	49	239,982	240,031	243,371	243,371
Changes from financing cash flows:					
– Repayments of interest-bearing loans and borrowings	–	(63,406)	(63,406)	(1,859)	(1,859)
– Proceeds from interest-bearing loans and borrowings	–	100,744	100,744	1,928	1,928
– Loan set up costs incurred	–	(322)	(322)	(1,123)	(1,123)
– Capital repayments of lease liabilities (2019: Capital repayments of finance leases)	(17,098)	–	(17,098)	(5)	(5)
Changes from non-cash flow items:					
– Implementation of IFRS 16 (Note 34)	94,038	–	94,038	–	–
– Lease additions	20,790	–	20,790	–	–
– Arising on acquisition	7,790	–	7,790	–	–
– Lease terminations and modifications	(2,801)	–	(2,801)	–	–
Currency translation adjustment	971	(14)	957	(2,281)	(2,281)
At end of year	103,739	276,984	380,723	240,031	240,031
Presented as					
Current	16,777	64	16,841	65,297	65,297
Non-current	86,962	276,920	363,882	174,734	174,734
	103,739	276,984	380,723	240,031	240,031

31. Financial Instruments and Financial Risk continued

Offsetting Financial Assets and Financial Liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements:

As at 30 September 2020	Gross amounts of recognised financial assets $'000	Gross amounts of financial liabilities set off in the Balance Sheet $'000	Net amounts of financial assets presented in the Balance Sheet $'000	Related amounts of financial liabilities not set off in the Balance Sheet $'000	Net amount $'000
Derivative financial instruments	**14,742**	**–**	**14,742**	**–**	**14,742**
Cash and cash equivalents	**282,353**	**(36,308)**	**246,045**	**–**	**246,045**

As at 30 September 2019	Gross amounts of recognised financial assets $'000	Gross amounts of financial liabilities set off in the Balance Sheet $'000	Net amounts of financial assets presented in the Balance Sheet $'000	Related amounts of financial liabilities not set off in the Balance Sheet $'000	Net amount $'000
Derivative financial instruments	24,273	–	24,273	–	24,273
Cash and cash equivalents	167,510	(32,282)	135,228	–	135,228

For financial assets and liabilities that are subject to enforceable master netting arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. Financial assets and financial liabilities are offset when the Group has a current legally enforceable right to set off of the recognised amounts; and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

32. Capital Commitments

Capital expenditure authorised but not contracted for amounted to $23,764,000 (2019: $13,170,000) at the balance sheet date.

The Group has committed to an office lease contract in the U.S. that has not yet commenced as at 30 September 2020. The future lease payments for this non-cancellable lease contract are $293,000 within one year, $3,519,000 within five years and $1,321,000 thereafter.

33. Related Parties

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

The Group has provided a loan to Magir Limited, an associate of the Group, gross of interest, of Stg£12,164,000 (2019: Stg£11,759,000).

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 2020:

Name	Title
Amar Urhekar	President, Ashfield Healthcare Communications
Colin Stanley	President, Advisory Services and Global Business Development
Damien Moynagh	General Counsel and Company Secretary
Eimear Kenny	Group Head of Human Resources
Greg Flynn	Global President, Ashfield Commercial and Clinical
Kevin Orfan	President, Sharp
Liam Logue	Executive Vice President, Corporate Development
Ryan Quigley	Chief Operating Officer

33. Related Parties continued

Remuneration of Key Management Personnel

	2020 $'000	2019 $'000
Salaries and other short-term benefits	**7,308**	7,382
Post-employment benefits	**567**	714
Share-based payment (calculated in accordance with the principles disclosed in Note 30)	**2,580**	2,255
Termination benefits	**–**	919
	10,455	11,270

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 2020

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 2020. This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and the new accounting policies that have been applied from 1 October 2019, where they are different to those applied and disclosed in the 2019 Annual Report.

IFRS 16 Leases

IFRS 16 replaced IAS 17 Leases and related interpretations. 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 previously accounted for as operating leases under IAS 17 are now accounted for on the Balance Sheet, similar to the accounting for finance leases previously.

Accounting Policy

The following accounting policies are applied on transition to IFRS 16:

- The Group applied the modified retrospective approach to transition at 1 October 2019. With this approach, lease liabilities and right of use assets were 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 were 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 before initial adoption of IFRS 16;
- The Group applied the practical expedient on transition to IFRS 16 to not recognise lease liabilities for lease contracts with a remaining lease term of less than 12 months;
- The Group applied the practical expedient wherein it relied on its assessment of whether leases are onerous immediately before the date of initial application;
- The Group applies the recognition exemption for both short-term leases with a duration of 1 year or less, and leases of low value assets. Such leases continue to be accounted for on a straight-line expense basis;
- The Group separates non-lease components for property, plant and motor vehicle leases;
- For all lease contracts in existence at 1 October 2019, the Group retained the assessment made under IAS 17 and IFRIC 4 as to whether such contracts contain a lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. Lease contracts that are low value or have a lease term of less than 12 months continue to be accounted for on a straight line expense basis.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before the commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is determined to be shorter than the lease term.

34. Change in Accounting Policies continued

IFRS 16 Leases continued

When the estimate of the term of any lease is revised, for example due to reassessing the probability of exercising an extension or termination option, the carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, except in this case the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount equal to the standalone price for the additional right of use assets obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

Implementation of IFRS 16

The impact of adopting the new standard on the Group Balance Sheet as at 1 October 2019 is outlined as follows:

	30 September 2019 Previously reported $'000	IFRS 16 Adjustments $'000	1 October 2019 Adjusted $'000
Non-current assets			
Right of use assets	–	81,161	81,161
Deferred income tax assets	5,178	1,936	7,114
Current assets			
Trade and other receivables	370,350	(868)	369,482
Equity			
Retained earnings	829,459	1,924	831,383
Non-current liabilities			
Interest-bearing loans and borrowings	174,734	(30)	174,704
Lease liabilities	–	79,467	79,467
Other payables	23,853	(7,630)	16,223
Provisions	74,193	(181)	74,012
Deferred income tax liabilities	39,263	12	39,275
Current liabilities			
Interest-bearing loans and borrowings	65,297	(19)	65,278
Lease liabilities	–	14,620	14,620
Trade and other payables	246,685	(5,045)	241,640
Provisions	19,633	(889)	18,744

Total lease liabilities of $94,087,000 and corresponding right of use assets of $94,087,000 were recognised on adoption of IFRS 16. Existing lease related balances of $12,926,000 at 1 October 2019 were offset with the right of use assets, resulting in the recognition of a net right of use asset of $81,161,000. The weighted average discount rate applied in calculating the lease liabilities on transition was 3.23%. A net deferred tax asset of $1,924,000 was recognised on adoption of the standard as a result of temporary tax differences on recognition of the lease liabilities and right of use assets (Note 28). The impact of adopting IFRS 16 on opening retained earnings was $1,924,000.

34. Change in Accounting Policies continued

IFRS 16 Leases continued

Reconciliation of operating lease commitments to lease liabilities

Reconciliation of operating lease commitments to IFRS 16 lease liability on transition	Land and buildings $'000	Motor vehicles $'000	Plant, equipment, and other $'000	Total $'000
Operating lease commitments under IAS 17 at 30 September 2019	112,070	10,800	2,327	125,197
Adjusted for impact of:				
Finance lease liabilities recognised under IAS 17 as at 30 September 2019 (Note 24)	–	–	49	49
Short-term leases not recognised as a liability[1]	(904)	(4,320)	–	(5,224)
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]	(11,875)	(221)	(26)	(12,122)
Provisional IFRS 16 Lease liability on adoption at 1 October 2019	88,118	5,252	717	94,087

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.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarified how to recognise and measure uncertainties over income tax treatments. The Group already provides for tax uncertainties in the recognition and measurement of the income tax expense and current tax liabilities. The impact of implementing IFRIC 23 did not have a material impact on the financial statements.

A number of other changes to IFRS became effective in the period beginning on 1 October 2019, however they did not have a material effect on the Group accounting policies and financial statements.

35. Events After the Balance Sheet Date

There have been no significant events after the balance sheet date which require disclosure.

Company Statement of Comprehensive Income
for the year ended 30 September 2020

	2020 €'000	2019 €'000
Profit for the financial year	179,397	78,986
Other comprehensive income for the financial year	–	–
Total comprehensive income for the financial year	179,397	78,986

Company Statement of Changes in Equity
for the year ended 30 September 2020

	Equity share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
At 1 October 2019	**12,842**	**166,664**	**63,242**	**414,861**	**657,609**
Profit for the financial year	–	–	–	179,397	179,397
Other comprehensive income:	–	–	–	–	–
Total comprehensive income for the year	–	–	–	179,397	179,397
Transactions with shareholders:					
New shares issued	50	675	–	–	725
Issued in settlement of deferred consideration[1]	36	5,575	–	–	5,611
Share-based payment expense	–	–	5,076	–	5,076
Dividends paid to equity holders	–	–	–	(37,363)	(37,363)
Release from share-based payment reserve	–	–	(4,603)	4,603	–
At 30 September 2020	**12,928**	**172,914**	**63,715**	**561,498**	**811,055**

1 The Company issued 723,775 ordinary shares during the year as a part settlement of the deferred consideration for the acquisition of STEM Marketing which the Group acquired in the year ended 30 September 2017.

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

Company Balance Sheet
as at 30 September 2020

	Note	2020 €'000	2019 €'000
ASSETS			
Non-current			
Investment in subsidiary undertakings	36	**444,638**	363,986
Total non-current assets		**444,638**	363,986
Current			
Trade and other receivables	37	**367,405**	383,741
Cash and cash equivalents		**3,821**	21,871
Current income Taxes		**209**	84
Total current assets		**371,435**	405,696
Total assets		**816,073**	769,682
EQUITY			
Equity share capital		**12,928**	12,842
Share premium		**172,914**	166,664
Other reserves	38	**63,715**	63,242
Retained earnings	38	**561,498**	414,861
Capital and reserves attributable to equity holders of the parent		**811,055**	657,609
LIABILITIES			
Current			
Trade and other payables	40	**5,018**	112,073
Total current liabilities		**5,018**	112,073
Total liabilities		**5,018**	112,073
Total equity and liabilities		**816,073**	769,682

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 €179,397,000 (2019: €78,986,000).

On behalf of the Board

S. Cooke
Director

B. McAtamney
Director

Company Cash Flow Statement
for the year ended 30 September 2020

	2020 €'000	2019 €'000
Cash flows from operating activities		
Profit before tax	179,174	78,201
Finance income	(4)	(11)
Finance expense	3	8
Operating profit	179,173	78,198
Decrease in trade and other receivables	21,946	9,604
Decrease in trade payables, provisions and other payables	(138,675)	(29,226)
Interest paid	(3)	(8)
Income taxes received	100	53
Net cash inflow from operating activities	62,541	58,621
Cash flows from investing activities		
Interest received	4	11
Investment in subsidiary undertakings	(43,957)	(37,075)
Net cash outflow from investing activities	(43,953)	(37,064)
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon)	725	1,043
Dividends paid to equity holders of the company	(37,363)	(35,296)
Net cash outflow from financing activities	(36,638)	(34,253)
Net decrease in cash and cash equivalents	(18,050)	(12,696)
Cash and cash equivalents at beginning of year	21,871	34,567
Cash and cash equivalents at end of year	3,821	21,871
Cash and cash equivalents is comprised of:		
Cash at bank and short-term deposits	3,821	21,871
	3,821	21,871

Notes Forming Part of The Company Financial Statements

36. Investment in Subsidiary Undertakings

	2020 €'000	2019 €'000
Cost		
At beginning of year	**363,986**	291,486
Additions in year	**76,793**	68,320
Share options granted to employees of subsidiary undertakings	**3,859**	4,180
At end of year	**444,638**	363,986

The additions to investment in subsidiary undertakings during the year of €76,793,000 were comprised of cash consideration of €43,957,000 and non-cash consideration of €32,836,000.

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

37. Trade and Other Receivables

	2020 €'000	2019 €'000
Current		
Amounts due from subsidiary undertakings	**367,096**	383,219
Other receivables	**309**	522
	367,405	383,741

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

38. Capital and Reserves

	Other reserves €'000	Retained earnings €'000
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**
Profit for the financial year	**–**	**179,397**
Release from share-based payment reserve	**(4,603)**	**4,603**
Dividends paid to equity holders	**–**	**(37,363)**
Share-based payment expense	**5,076**	**–**
At 30 September 2020	**63,715**	**561,498**

Other reserves represents a share-based payment reserve of €13,632,000 (2019: €13,159,000), a treasury shares reserve of (€5,742,000) (2019: (€5,742,000)), a goodwill reserve of (€93,000) (2019: (€93,000)), a non-distributable reserve of €55,668,000 (2019: €55,668,000) and a capital redemption reserve of €250,000 (2019: €250,000).

The Company's non-distributable reserve consists of €16,762,000 (2019: €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 (2019: €38,906,000), arising on the restructuring of Group activities.

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

39. 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 2020	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	**5,018**	**5,018**	**5,018**	**–**	**–**	**–**
	5,018	**5,018**	**5,018**	**–**	**–**	**–**

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	–	–	–

40. Trade and Other Payables

	2020 €'000	2019 €'000
Current		
Amounts due to subsidiary undertakings	**4,894**	111,907
Accruals	**124**	166
	5,018	112,073

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

41. Employee Benefits

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

	2020 €'000	2019 €'000
Wages and salaries	**455**	516
Social security contributions	**25**	56
Pension costs – defined contribution schemes	**7**	–
	487	572

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

	2020 number	2019 number
Administration	**3**	3
	3	3

42. 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 37 and 40.

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.

43. Principal Subsidiaries

As at 30 September 2020

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	Management services 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.

43. Principal Subsidiaries continued

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 Sahrayıcedit Mah. Halk Sk. No:40 Pakpen Plaza K:1 34734 Kozyatağı/Kadıköy/Istanbul.
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 Goldbeckstraße 5, 69493 Hirschberg, Germany.
13 This company has its registered office at Haupststrasse, 161, 68259 Mannheim, Germany.

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[16]	Healthcare communications and consultancy services provider	100%
Ashfield Meetings & Events Inc.[25]	Event management services provider	100%
Sharp Clinical Services, Inc.[17]	Clinical trials services provider	100%
Sharp Corporation, Inc[18]	Contract packaging company	100%
Vynamic LLC[21]	Management consulting	100%
Cambridge BioMarketing Group, LLC[22]	Healthcare communications business	100%
MicroMass Communications, Inc.[19]	Healthcare communications business	100%
UDG Healthcare U.S. Holdings, Inc.[20]	Investment holding company	100%
Smart Analyst, Inc[23]	Commercialisations, consulting and analytics business	100%
Create Group NYC LLC[24]	Communications agency	100%
Putnam Associates LLC[26]	Consulting services to pharmaceutical	100%
Canale Communications[27]	Strategic communications agency	100%

14 This company has its registered office at 1100 Virginia Drive, Suite 200, Fort. Washington, PA 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 125 Chubb Avenue, Lyndhurst, New Jersey 07071.
17 This company has its registered office at 2400 Baglyos Circle Bethlehem PA 18020.
18 This company has its registered office at 7451 Keebler Way, Allentown 18106.
19 This company has its registered office at 100 Regency Forest Drive, Suite 400, Cary, NC, 27518.
20 This company has its registered office at 2400 Baglyos Circle Bethlehem PA 18020.
21 This company has its registered office at 1600 Arch St, Philadelphia, PA 19103.
22 This company has its registered office at 53 State Street, 24th Floor, Boston, MA 02109.
23 This company has its registered office at 9 East 38th Street, 8th Floor, New York, NY 10016.
24 This company has its registered office at 180 Varick Street, Suite 212, New York, NY 10014.
25 This company has its registered office at 1100 Virginia Drive, Suite 200, Fort Washington, PA 19034.
26 This company has its registered office at 501 Boylston Street, Boston, MA 02116.
27 This company has its registered office at 4010 Goldfinch Street, San Diego, 92103.

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

45. 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 2020:, Ashfield Alliance Limited, Ashfield Healthcare (Ireland) Limited, Aquilant Limited, Dublin Drug (Investments) Limited, Dublin Drug Company Limited, Dublin Drug Limited, 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.

46. Approval of Financial Statements
The Group and Company financial statements were approved by the directors on 1 December 2020.

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 2020 final dividend	7 January 2021
Record date for 2020 final dividend	8 January 2021
AGM	26 January 2021
Payment date for 2020 final dividend	5 February 2021
Interim Announcement of Results for 2021	18 May 2021
Financial year end	30 September 2021
Preliminary Announcement of Results for 2021	23 November 2021

Additional Information

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.

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		**2020 $'000**	2019 $'000
Revenue	Income Statement	**1,279,194**	1,298,523
Pass-through revenue		**(125,669)**	(195,648)
Net revenue		**1,153,525**	1,102,875

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		**2020 $'000**	2019 $'000
Operating profit	Income Statement	**125,016**	78,264
Transaction costs	Income Statement	**2,064**	2,136
Amortisation of acquired intangible assets	Note 14	**32,331**	32,387
Exceptional items	Note 9	**5,901**	42,053
Adjusted operating profit		**165,312**	154,840

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		**2020 $'000**	2019 $'000
Profit before tax	Income Statement	**108,168**	74,277
Transaction costs	Income Statement	**2,064**	2,136
Amortisation of acquired intangible assets	Note 14	**32,331**	32,387
Exceptional items	Note 9	**9,440**	37,910
Adjusted profit before tax		**152,003**	146,710

Adjusted Operating Margin

Definition

Measures the adjusted operating profit as a percentage of revenue.

Calculation		**2020 $'000**	2019 $'000
Adjusted operating profit	Per above	**165,312**	154,840
Revenue	Income Statement	**1,279,194**	1,298,523
Adjusted operating margin		**12.9%**	11.9%

Key Performance Indicators and Non-IFRS Performance Measures continued

Adjusted Net Operating Margin

Definition

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

Calculation		2020 $'000	2019 $'000
Adjusted operating profit	Per above	165,312	154,840
Net revenue	Per above	1,153,525	1,102,875
Adjusted net operating margin		**14.3%**	14.0%

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		2020 $'000	2019 $'000
Tax charge	Income Statement	15,327	16,786
Tax relief with respect to transaction costs		223	38
Deferred tax credit with respect to acquired intangible amortisation		9,523	7,084
Tax relief with respect to exceptional items	Note 9	2,303	4,165
Remeasurement of current tax liabilities	Note 9	4,420	–
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**31,796**	28,073
Adjusted profit before tax	Per above	152,003	146,710
Adjusted effective tax rate		**20.9%**	19.1%

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		2020 $'000	2019 $'000
Net assets	Balance Sheet	983,541	900,563
Net debt	Note 31	16,197	80,530
Assets before net debt		999,738	981,093
Cumulative intangible amortisation		214,573	208,980
Cumulative restructuring costs		27,394	20,439
Total capital employed		**1,241,705**	1,210,512
Average total capital employed		1,226,108	1,186,319
Adjusted operating profit	Per above	165,312	154,840
Return on capital employed		**13.5%**	13.1%

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 equity accounted investments' profits/(loss) and profit/(loss) 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, the impact of IFRS 16 Leases on EBITDA and the EBITDA of completed disposals.

Key Performance Indicators and Non-IFRS Performance Measures continued

Adjusted and Annualised EBITDA continued

Adjusted and annualised EBITDA are adjusted for depreciation of right of use assets as the expense is considered by management to be similar in nature to depreciation of property, plant and equipment and amortisation of intangible assets. Annualised EBITDA excluding IFRS 16 is also presented (excluding depreciation of right of use assets and IFRS 16 operating profit impact) to illustrate an annualised EBITDA that is consistent with the Group's financial debt covenants.

Calculation		2020 $'000	2019 $'000
Adjusted operating profit	Per above	**165,312**	154,840
Share-based payment expense	Cash Flow Statement	**5,599**	4,400
Depreciation	Cash Flow Statement	**22,841**	23,130
Depreciation of right of use assets	Cash Flow Statement	**17,162**	–
Amortisation of computer software	Note 14	**9,385**	8,027
Share of equity accounted investments' profit after tax	Income Statement	**(2,372)**	(50)
Loss/(profit) on disposal of property, plant and equipment	Cash Flow Statement	**157**	(571)
Adjusted EBITDA		**218,084**	189,776
Share-based payment expense	Cash Flow Statement	**(5,599)**	(4,400)
Transaction costs	Income Statement	**(2,064)**	(2,136)
EBITDA of completed disposals		**(259)**	–
Annualised EBITDA of acquisitions[1]		**3,212**	10,004
Annualised EBITDA		**213,374**	193,244
IFRS 16 Operating profit impact		**(1,688)**	–
Depreciation of right of use assets		**(17,162)**	–
IFRS 16 impact on EBITDA of completed disposals		**77**	–
IFRS 16 impact on Annualised EBITDA of acquisitions		**(475)**	–
Annualised EBITDA excluding IFRS 16		**194,126**	193,244

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

Free Cash Flow Conversion

Definition

Free cash flow conversion is the adjusted EBITDA, less working capital movement and less capital expenditure on property, plant and equipment and computer software, expressed as a percentage of adjusted EBITDA.

Calculation		2020 $'000	2019 $'000
Adjusted EBITDA	Per above	**218,084**	189,776
Working capital	Cash Flow Statement	**62,984**	6,516
Investment in property, plant and equipment	Cash Flow Statement	**(30,176)**	(27,016)
Investment in intangible assets – computer software	Cash Flow Statement	**(7,724)**	(12,475)
Cash generated from operations including capital expenditure		**243,168**	156,801
Free cash flow conversion		**111.5%**	82.6%

Key Performance Indicators and Non-IFRS Performance Measures continued

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, 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.

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		2020 $'000	2019 $'000
Revenue	Income Statement	**1,279,194**	1,298,523
Currency impact		**–**	(2,590)
Revenue – constant currency		**1,279,194**	1,295,933
Revenue – constant currency decrease on 2019		**(16,739)**	
Revenue – constant currency decrease on 2019 %		**(1%)**	

Net revenue – constant currency		2020 $'000	2019 $'000
Net revenue	Per above	**1,153,525**	1,102,875
Currency impact		**–**	(2,240)
Revenue – constant currency		**1,153,525**	1,100,635
Revenue – constant currency increase on 2019		**52,890**	
Revenue – constant currency increase on 2019 %		**5%**	

Adjusted operating profit – constant currency		$'000	$'000
Adjusted operating profit	Per above	**165,312**	154,840
Currency impact		**–**	76
Adjusted operating profit – constant currency		**165,312**	154,916
Adjusted operating profit – constant currency increase on 2019		**10,396**	
Adjusted operating profit – constant currency increase on 2019 %		**7%**	

Adjusted profit before tax – constant currency		$'000	$'000
Adjusted profit before tax	Per above	**152,003**	146,710
Currency impact		**–**	130
Adjusted profit before tax – constant currency		**152,003**	146,840
Adjusted profit before tax – constant currency increase on 2019		**5,163**	
Adjusted profit before tax – constant currency increase on 2019 %		**4%**	

Adjusted diluted earnings per share ('EPS') – constant currency		$'000	$'000
Adjusted profit attributable to owners of the parent	Note 11	**120,192**	118,596
Currency impact		**–**	131
Adjusted profit attributable to owners of the parent – constant currency		**120,192**	118,727
Weighted average number of shares used in diluted EPS calculation	Note 11	**251,909,092**	250,662,451
Adjusted diluted EPS – constant currency (cent)		**47.71**	47.37
Adjusted diluted EPS – constant currency increase on 2019 (cent)		**0.34**	
Adjusted diluted EPS – constant currency increase on 2019 %		**1%**	

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
CREST	The relevant settlement system operated by Euroclear U.K. & Ireland
CSO	Contract Sales Organisation
The Code	U.K. Corporate Governance Code 2018 issued by the U.K. Financial Reporting Council
CSR	Corporate Social Responsibility
DEI	Diversity, Equity and Inclusion
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EHS	Environmental Health and Safety
EMEA	Europe, the Middle East and Africa
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
ESOP	Executive Share Option Plan
ESOS	Executive Share Option Scheme
E.U.	European Union
EB	Euroclear Bank Belgium
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
FY2019	Financial Year 2019
FY2020	Financial Year 2020
FY2021	Financial Year 2021
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
QP	Qualified Person
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
WHO	World Health Organisation

* Source: Carbon Trust.

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