ARTICULATE SCIENCE

ArticulateScience Limited

Annual report and financial statements

for the year ended 31 December 2019

Registered number: 06858871

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ArticulateScience Limited

Directors' report

The directors submit their report and the financial statements of ArticulateScience Limited for the year ended 31 December 2019.

Principal Activity

The company continues to be a leading provider of innovative, high-quality and effective multichannel medical communications programmes for the healthcare and pharmaceutical industries.

Dividends

The directors did not pay a dividend in the year (2018: £nil).

No final dividend is proposed (2018: £nil).

Post balance sheet event

The COVID-19 pandemic has created unprecedented challenges and uncertainty with the full socio-economic impact of the virus likely to be significant. The health and wellbeing of our employees remain at the top of our list of priorities, along with cash flow and liquidity, business continuity and cost control, which are under continuous review.

There has been no material adverse impact on the financial performance or financial position of the company or the group headed by Nucleus Holdings Limited, the immediate and ultimate parent company, as a result of COVID-19. Given the inherent uncertainties, it is not practical to determine what, if any, the future impact of COVID-19 might be. The group's financial results continue to exceed forecasted expectations.

The directors will continue to review the situation and its effect on clients and the markets in which they operate. At the balance sheet date, the group had significant cash holdings and the directors are confident that the group has adequate liquidity to deal with the uncertain business environment.

Directors

The directors, who served throughout the year, were as follows:

Dr S Cameron
C Harrison

Directors' indemnities

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

Auditor

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

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

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

ArticulateScience Limited

Directors' report

Approved by the Board and signed on its behalf by:

Dr S Cameron
Director

Dated: 10th September 2020

ArticulateScience Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of ArticulateScience Limited

Opinion
We have audited the financial statements of ArticulateScience Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Independent auditor's report to the members of ArticulateScience Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

RSM UK Audit LLP

Richard Coates (Senior statutory auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street,
London, EC4A 4AB

Dated: 10th September 2020

ArticulateScience Limited

Statement of comprehensive income
for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Revenue	4	**7,957**	**7,233**
Cost of sales	5	(5,438)	(4,118)
Gross profit		**2,519**	**3,115**
Other operating expenses	5	(1,553)	(1,411)
Profit before tax	7	**966**	**1,704**
Taxation	9	(184)	(324)
Profit and total comprehensive income for the year		**782**	**1,380**

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

ArticulateScience Limited

Statement of financial position
as at 31 December 2019

	Note	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	10	-	-
Deferred tax asset	11	1	1
		1	**1**
Current assets			
Trade and other receivables	12	29,347	19,037
Cash at bank and in hand		5,235	6,843
		34,582	**25,880**
Current liabilities			
Trade and other payables	13	(27,937)	(19,877)
Corporation Tax		(184)	(324)
		(28,121)	**(20,201)**
Net current assets		**6,461**	**5,679**
Net assets		**6,462**	**5,680**
Equity attributable to owners of the parent			
Share capital	14	-	-
Retained earnings		6,462	5,680
Total equity		**6,462**	**5,680**

The financial statements of ArticulateScience Limited (registered number 06858871) were approved by the board of directors and authorised for issue on 10th September 2020 and signed on its behalf by:

Dr S Cameron
Director

ArticulateScience Limited

Statement of changes in equity
for the year ended 31 December 2019

	Share capital	Retained earnings	Total
	£000	£000	£000
Balance at 1 January 2018	-	4,300	4,300
Profit and total comprehensive income for the year	-	1,380	1,380
Balance at 31 December 2018	-	**5,680**	**5,680**
Profit and total comprehensive income for the year	-	782	782
Balance at 31 December 2019	-	**6,462**	**6,462**

ArticulateScience Limited

Notes to the financial statements
for the year ended 31 December 2019

1. General information

ArticulateScience Limited ("the company") is a private company limited by shares, incorporated under the Companies Act 2006 in the United Kingdom. The company is registered and domiciled in England and the address of its registered office is Admiral House, 76-78 Old Street, London, EC1V 9AZ. The principal activity of the company is as set out in the Directors' Report.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis and in accordance with applicable accounting standards. The principal accounting policies adopted are set out below.

These financial statements are presented in sterling, which is the functional currency of the company and are rounded to the nearest £000.

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

a) the requirements of IFRS 7 "Financial Instruments: Disclosures";
b) the requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement";
c) the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of paragraph 73(e) of IAS 16 "Property, Plant and Equipment";
d) the requirements of paragraphs 10(d) and 134-136 of IAS 1;
e) the requirements of IAS 7 "Statement of Cash Flows";
f) the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
g) the requirements of paragraph 17 of IAS 24 "Related Party Disclosures"; and
h) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where relevant, equivalent disclosures have been given in the group accounts of Nucleus Holdings Limited, which are available to the public from the address above.

Going concern

The group's business activities, together with the factors likely to affect its future development (including COVID-19), performance and position are set out in the directors' report and the strategic report of Nucleus Holdings Limited. As explained in more detail in that strategic report, the group's trading, cash flows and current financial position have not been significantly adversely impacted by COVID-19 and the cash at bank as at 30 June 2020 was £57.0m and there are no borrowings within the group. The directors of Nucleus Holdings Limited have confirmed that they will provide, if required, financial support to all its subsidiaries.

The directors confirm, after careful consideration, that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	term of lease
Computers and equipment	33.3% per annum
Fixtures and fittings	25% per annum

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are included in profit or loss.

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and reflected in profit or loss by recording revenue and related costs as contract activity progresses. Revenue recognised in the accounts reflects the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which revenue exceeds payments on account is classified as "amounts recoverable on contracts" and included in trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included in trade and other payables.

Revenue

Revenue represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers and, in the case of long-term contracts, credit is taken appropriate to the stage of completion when the outcome of the contract can be assessed with reasonable certainty. Revenue is recognised in line with the policy on long-term contracts.

In accordance with IFRS 15 "Revenue from Contracts with Customers" revenue from contracts with customers is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for providing services to a customer.

The company has applied the practical expedient in IFRS 15 not to disclose information in respect of partially completed contracts where the period of the contract is one year or less as there are no material projects for longer than one year.

Retirement benefits

The company operates a defined contribution scheme. The amount charged to profit and loss in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade receivables which are due within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade receivable constitutes a financing transaction, the financial asset is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade receivables is established as a loss allowance for expected credit losses. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade payables due within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade payable constitutes a financing transaction, the financial liability is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Interpretations to existing standards or amended standards adopted by the company

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. There is no material impact on the company of these new or amended standards. Interpretations to existing standards and new or amended standards that are not yet effective are either not relevant to the company or not expected to have a material impact on the company. None of them have not been early adopted.

Notes to the financial statements
for the year ended 31 December 2019

3. Key assumptions and accounting estimates and significant judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Revenue recognition
A judgement is made on the percentage completeness of the project in order for revenue to be recognised in the financial statements.

4. Revenue

The company's revenue arises from its principal activities in the United Kingdom.

5. Expenses

The company's expenses for the year have been analysed by nature as set out below.

	2019 £000	2018 £000
Wages and salaries	2,556	2,671
Staff costs	231	295
Operating lease rentals	4	115
Other direct costs	2,652	1,152
Other administrative expenses	1,549	1,296
	6,991	**5,529**

6. Employees

The monthly average number of persons employed during the year was:

	2019 Number	2018 Number
Medical communications and marketing	48	49

	2019 £000	2018 £000
Wages and salaries	2,176	2,278
Social security costs	253	269
Other pension costs	126	124
	2,556	**2,671**

7. Profit before tax

	2019 £000	2018 £000
Profit before tax is stated after charging:		
Exchange gains	(124)	(316)
Auditor's remuneration – statutory audit	6	6

8. Directors' remuneration

Dr S Cameron and C Harrison were also directors of Nucleus Holdings Limited, the ultimate parent company. Their remuneration, which was paid by Nucleus Holdings Limited, is disclosed in that company's financial statements. No apportionment was made to ArticulateScience Limited.

9. Taxation

	2019 £000	2018 £000
Current tax		
UK corporation tax	184	324
Total current tax	**184**	**324**
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax (see note 11)	-	-
Total tax charge	**184**	**324**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £000	2018 £000
Profit before tax	966	1,704
Tax on profit at standard UK corporation tax rate of 19.00% (2018: 19.00%)	184	324
	184	**324**

10. Property, plant and equipment

	Equipment and Computers
	£000
Cost	
At 1 January 2019	12
Additions	-
Disposals	(12)
At 31 December 2019	-
Depreciation	
At 1 January 2019	12
Charge for the year	-
Disposals	(12)
At 31 December 2019	-
Net book value	
At 31 December 2018	-
At 31 December 2019	-

11. Deferred tax asset

	2019	2018
	£000	£000
Accelerated capital allowances:		
At the start of year	1	1
Deferred tax charged to profit and loss	-	-
Deferred tax asset at the end of year	**1**	**1**

12. Trade and other receivables

	2019	2018
	£000	£000
Trade receivables	1,700	1,477
Contract assets	926	674
Amounts owed by group undertakings	26,456	16,814
Other receivables	14	7
Prepayments and accrued income	251	65
	29,347	**19,037**

Notes to the financial statements
for the year ended 31 December 2019

13. Trade and other payables

	2019 £000	2018 £000
Trade payables	23	11
Contract liabilities	360	318
Amounts owed to group undertakings	26,343	19,072
Other taxation and social security	169	158
Other payables	21	19
Accruals and deferred income	1,021	299
	27,937	**19,877**

14. Share capital

	2019 £	2018 £
Allotted, called-up and fully-paid		
1 ordinary share of £1 each	1	1

Share capital is made up of ordinary shares with full voting and distribution rights.

15. Reserves

Retained earnings

Cumulative profit and loss net of distributions to owners.

16. Contingent liabilities

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. Other group companies' VAT balances at 31 December 2019 resulted in a contingent liability of £nil (2018: £338,658).

17. Pension commitments

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company and amounted to £125,984 (2018: £124,254). At the year end pension contributions outstanding amounted to £21,002 (2018: £18,917).

Notes to the financial statements
for the year ended 31 December 2019

18. Post balance sheet event

The COVID-19 pandemic has created unprecedented challenges and uncertainty with the full socio-economic impact of the virus likely to be significant. The health and wellbeing of our employees remain at the top of our list of priorities, along with cash flow and liquidity, business continuity and cost control, which are under continuous review.

There has been no material adverse impact on the financial performance or financial position of the group headed by Nucleus Holdings Limited as a result of COVID-19. Given the inherent uncertainties, it is not practical to determine what, if any, the future impact of COVID-19 might be. The group's financial results continue to exceed forecasted expectations.

The directors will continue to review the situation and its effect on clients and the markets in which they operate. The group has significant cash holdings and is confident that is has adequate liquidity to deal with the uncertain business environment.

19. Immediate and ultimate parent company

The immediate and ultimate parent company is Nucleus Holdings Limited, incorporated in England and Wales.

Nucleus Holdings Limited, registered at Admiral House, 76-78 Old Street, London, EC1V 9AZ, is the parent undertaking of the smallest and largest group for which group accounts are drawn up.

20. Controlling party

The ultimate controlling party in the year was Dr S Cameron, a director of the company, by virtue of his controlling interest in Nucleus Holdings Limited.