

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016  
FOR  
QUADRANT DRUG DELIVERY LIMITED**



QUADRANT DRUG DELIVERY LIMITED

CONTENTS OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

---

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Statement of Comprehensive Income</b>	<b>3</b>
<b>Balance Sheet</b>	<b>4</b>
<b>Notes to the Financial Statements</b>	<b>5</b>

<b>DIRECTORS:</b>	T M Phillips M A Derodra
<b>COMPANY SECRETARY:</b>	J Murphy
<b>REGISTERED OFFICE:</b>	One Prospect West Chippenham Wiltshire SN14 6FH United Kingdom
<b>REGISTERED NUMBER:</b>	02704727 (England and Wales)
<b>SOLICITORS:</b>	Olswang 90 High Holborn London WC1V 6XX United Kingdom
<b>BANKERS:</b>	Barclays Bank Plc 28 Chesterton Road Cambridge CB4 3AZ United Kingdom

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016

---

Quadrant Drug Delivery Limited ("the Company") is a wholly-owned subsidiary of Vectura Group plc ("Vectura Group" or "the Group"). The Directors present their annual report with the financial statements of the Company for the year ended 31 March 2016. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**PRINCIPAL ACTIVITY**

The Company has been a holding company and has not traded during the year. The Directors believe it will continue to be a holding company.

**POST BALANCE SHEET EVENTS**

Events occurring after the Balance Sheet date are disclosed in note 8 of the financial statements. None of the identified events are considered by the Directors to be adjusting events.

**DIRECTORS**

The Directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report, unless otherwise stated:

A J Oakley (resigned 10 June 2016)  
C P Blackwell (resigned 1 July 2015)  
T M Phillips (appointed 1 July 2015)  
M A Derodra (appointed 10 June 2016)

**COMPANY SECRETARY**

The appointment of J Murphy as Company Secretary was made on 13 September 2016.

On behalf of the Board,

  
.....

Andrew Derodra - Director

13 December 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

---

During the financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during these years the Company made neither a profit or loss, nor any other recognised gains or losses.

QUADRANT DRUG DELIVERY LIMITED


BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £'000	2015 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	3	<u>16,295</u>	<u>16,295</u>
		<u>16,295</u>	<u>16,295</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4	<u>8,659</u>	<u>8,659</u>
		<u>8,659</u>	<u>8,659</u>
<b>TOTAL ASSETS</b>		<u><u>24,954</u></u>	<u><u>24,954</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	5	-	-
Other reserve		4,085	4,085
Retained earnings		<u>20,869</u>	<u>20,869</u>
<b>TOTAL EQUITY</b>		<u><u>24,954</u></u>	<u><u>24,954</u></u>

The Directors:

- a) confirm that the Company was entitled to exemption under section 480 of the Companies Act 2006 from the requirement to have its accounts for the financial year ended 31 March 2016 audited;
- b) confirm that members have not required the Company to obtain an audit of its accounts for that financial year in accordance with section 476 of that Act; and
- c) acknowledge their responsibilities for:
  - i) ensuring that the Company keeps accounting records which comply with section 386 of the Companies Act 2006, and
  - ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit and loss for the financial year in accordance with the requirements of section 393 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company.

The financial statements were approved by the Directors on 13 December 2016.



.....

Andrew Derodra - Director

## 1. Significant accounting policies

### ***Basis of preparation***

The financial statements have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") and related interpretations as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, revised for use of fair values where required by applicable IFRSs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if a market participant would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company is domiciled in the United Kingdom and is a wholly-owned subsidiary of another company incorporated in the EEC. In accordance with section 400 of the Companies Act 2006, the Company is not required to produce and has not published consolidated financial statements.

The principal accounting policies adopted are set out below.

### **Adoption of new and revised standards**

The following amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board ("IASB") have been applied by the Company in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

### **Annual improvements to IFRSs 2010 – 2012 Cycle and 2011-2013 Cycle**

The Company has adopted the amendments to IFRSs included in the *Annual Improvements to IFRSs 2010-12 Cycle and 2011-13 Cycle* for the first time in the current year. The adoption of the amendments has had no impact on the disclosures or amounts recognised in the Company financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the European Union ("EU")):

- IFRS 9 *Financial Instruments*
- IFRS 14 *Regulatory Deferral Accounts*
- IFRS 16 *Leases*
- IFRS 15 *Revenue from Contracts with Customers*
- IAS 1 (amendments) *Disclosure Initiative*
- IAS 12 (amendments) *Recognition of Deferred Tax Assets for Unrealised Losses*
- IAS 16 and IAS 38 (amendments) *Clarification of Acceptable Methods of Depreciation and Amortisation*
- IAS 27 (amendments) *Equity Method in Separate Financial Statements*
- Annual IFRS Improvements Process 2012-2014 cycle (Sep 14): Amendments to: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures*, IAS 19 *Employee Benefits* and IAS 34 *Interim Financial Reporting*

#### **1. Significant accounting policies - continued**

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except as follows:

- IFRS 9 simplifies financial instrument classifications and hedge accounting rules as well as introducing impairment requirements for loans.
- IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and replaces all existing revenue requirements in IFRS. The core principle is that revenue will be recognised at an amount reflecting the consideration to which the company expects to be entitled in exchange for transferring goods or services to a customer. It may have an impact on revenue recognition and related disclosures.
- IFRS 16 is effective for annual periods beginning on or after 1 January 2019 and it removes the current distinction between an operating and finance lease, introducing consistent requirements for all leases similar to the current finance lease accounting. The lease value for leased premises as well as other smaller trade related operating leases will be brought onto the balance sheet at the fair value of the future minimum lease payments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

#### **Investments**

Fixed asset investments are shown at cost, less provisions for any impairment in value. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued less any provision for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument.

#### **Trade and other receivables**

Trade receivables do not carry interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying value of these assets approximates their fair value.



**2. Operating result**

Audit fees for the audit of the Company's Annual report and financial statements of £3,750 were borne by another group company in the prior period. There were no such fees incurred in the current reporting period.

**3. Investment in subsidiaries**

	Shares in group undertakings £'000
<b>Cost</b>	
At 1 April 2014, 31 March 2015 and 31 March 2016	50,837
<b>Impairment</b>	
At 1 April 2014, 31 March 2015 and 31 March 2016	(34,542)
<b>Net book value</b>	
At 1 April 2014, 31 March 2015 and 31 March 2016	16,295

The Company's investments at the balance sheet date in the share capital of companies include the following:

Name of undertaking	Country of incorporation	Holding	Proportion held	Nature of Business
Quadrant Healthcare Limited	England	Ordinary	100%	Dormant
QDose Limited <sup>1</sup>	England	Ordinary	50%	Pharmaceuticals
Quadrant Healthcare (UK) Limited <sup>1</sup>	England	Ordinary	100%	Dormant
Quadrant Bioresources Limited <sup>2</sup>	England	Ordinary	100%	Dormant
Quadrant (USA), Inc. <sup>2</sup>	United States of America	Ordinary	100%	Dormant
Quadrant Trustee Limited <sup>2</sup>	England	Ordinary	100%	Dormant
Andaris Group Limited <sup>2</sup>	England	Ordinary	100%	Dormant
Quadrant Holdings Cambridge Limited <sup>3</sup>	England	Ordinary	100%	Dormant
Andaris (DDS) Limited <sup>4</sup>	England	Ordinary	100%	Dormant
Microshot Limited <sup>4</sup>	England	Ordinary	100%	Dormant
Protosome Limited <sup>4</sup>	England	Ordinary	100%	Dormant

<sup>1</sup>A subsidiary of Quadrant Healthcare Limited

<sup>2</sup>A subsidiary of Quadrant Healthcare (UK) Limited

<sup>3</sup>A subsidiary of Andaris Group Limited

<sup>4</sup>A subsidiary of Quadrant Holdings Cambridge Limited

**4. Trade and other receivables**

	2016 £'000	2015 £'000
Amounts owed by group undertakings	8,659	8,659
	<b>8,659</b>	<b>8,659</b>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

**5. Called up share capital**

Allotted, issued and fully paid:

Number	Class	Nominal value	2016 £	2015 £
5	Ordinary	£1	5	5
			5	5

**6. Related party transactions**

Details of trading with other Group companies during the year are disclosed in accordance with IAS 24.

Related party	Recharge from related parties £'000	Recharge to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Innovata Limited				
2015	—	—	8,659	—
2016	—	—	8,659	—

Amounts outstanding are unsecured. No provisions have been made for doubtful debts owed by related parties.

**7. Ultimate parent company**

The Company's immediate and ultimate parent undertaking and ultimate controlling party is Vectura Group plc, a company incorporated in England and Wales. This represents the smallest and largest group into which the results of the Company are consolidated. The consolidated financial statements are available from Vectura Group plc, One Prospect West, Chippenham, Wiltshire, SN14 6FH.

**8. Post balance sheet events***Change in accounting reference date*

Effective for subsequent accounting periods, the Company has changed its accounting reference date to the 31 December. This change will bring the Company's accounting reference date in line with its partners and peer group.