

QUADRANT DRUG DELIVERY LIMITED
02704727
DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2018



Contents

	Page
Company Information	1
Directors' Report	2
Directors' responsibility statement	3
Report of the Independent Auditor	4
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

QUADRANT DRUG DELIVERY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2018

DIRECTORS: J Ward-Lilley
J Murphy

COMPANY SECRETARY: J Murphy

REGISTERED OFFICE: One Prospect West
Chippenham
Wiltshire
SN14 6FH
United Kingdom

REGISTERED NUMBER: 02704727 (England and Wales)

Quadrant Drug Delivery Limited ("the Company") is a wholly-owned subsidiary of Vectura Group plc ("Vectura Group" or "the Group"). This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. During the comparative period, the accounting reference date was shortened from 31 December to 31 October 2017, representing a ten-month period.

PRINCIPAL ACTIVITY

The Company is a holding company and has not traded during the current or the previous financial period.

The Directors do not expect that there will be a change in the principal activity of the Company for the foreseeable future. The financial statements continue to be prepared on a break up basis as it is the intention of the directors to liquidate the Company by the means of a solvent Members Voluntary Liquidation as soon as practically possible.

DIRECTORS

On 31 May 2017, J Murphy was appointed as a Director following the same date resignation of T M Phillips.
On 31 July 2018, J Ward-Lilley was appointed as a Director following the same date resignation of M A Derodra.

The ultimate parent company has granted an indemnity to its Directors against liability in respect of any proceedings brought by third parties, which remains in force as at the date of approving the Directors' Report.

DIVIDENDS

A liquidation dividend in specie was received from liquidated subsidiaries of £41,053,000 representing the fair value of receivables in Innovata Limited, this amount was recorded in the income statement.

A corresponding pre-liquidation dividend in specie of £49,712,000 was paid to the Company's immediate parent Quadrant Technologies Limited. The higher amount of £49,712,000 also including the Company's legacy receivable from Innovata Limited of £8,659,000 which was added to the dividend in specie and distributed by the Company in specie to its parent entity.

INFORMATION PROVIDED TO THE AUDITOR

Each Director at the date of approval of this report confirms that

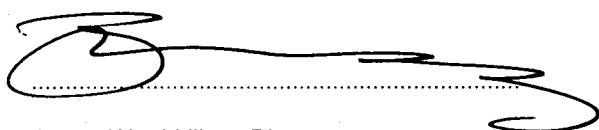
- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

APPOINTMENT OF AUDITOR

KPMG was appointed as the Company's auditor on 14 May 2019 KPMG LLP. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board,



James Ward-Lilley - Director
30 May 2019

The Directors are responsible for preparing the Report and 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 2 the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 responsible 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUADRANT DRUG DELIVERY LIMITED

Opinion

We have audited the financial statements of Quadrant Drug Delivery Limited ("the company") for the year ended 31 October 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements;
- and in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

31 May 2019

INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	Year ended 31 October 2018 £'000	10 Months ended 31 October 2017 £'000s
Distribution in specie received	5	41,053	-
Impairment of Investments	6	(16,295)	-
PROFIT BEFORE AND AFTER TAX		24,758	-

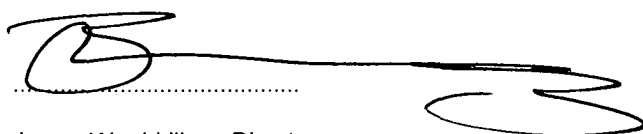
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AS AT 31 OCTOBER 2018

	Note	As at 31 October 2018	As at 31 October 2017
ASSETS			
NON-CURRENT ASSETS			
Investments	4,5	-	16,295
CURRENT ASSETS			
Receivable - Innovata Limited	6	-	8,659
TOTAL ASSETS		-	24,954
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	7	-	-
Other reserve	7	-	4,085
Retained earnings		-	20,869
TOTAL EQUITY		-	24,954

The accompanying notes form an integral part of these financial statement. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements of Quadrant Drug Delivery Limited, **registered Company number 02704727**, were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



James Ward-Lilley - Director

30 May 2019

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

		Share capital	Other reserves	Retained Earnings	Total equity
	Note	£'000s	£'000s	£000s	£'000s
As at 1 January 2017 and 1 November 2017		-	4,085	20,869	24,954
Profit after tax		-	-	24,758	24,758
Distribution in specie paid	6	-	-	(49,712)	(49,712)
Transfer between reserves	7	-	(4,085)	4,085	-
As at 31 October 2018		-	-	-	-

The accompanying notes form an integral part of these financial statement.

1. General information

The Company, a wholly owned subsidiary of Vectura Group plc, is a private company limited by shares incorporated under the Companies Act 2006 and registered in England and Wales. The address of the registered office is One Prospect West, Chippenham Wiltshire, SN14 6FH.

2. Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary, in order to comply with Companies Act 2006. The following automatically available FRS 101 disclosure exemptions has been taken.

- A Cash Flow Statement and related notes
- Comparative period reconciliations for fixed assets
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services
- An additional balance sheet for the beginning of the earliest comparative period following retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements

As the consolidated financial statements of Vectura Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- IFRS 2 Share Based Payments in respect of group settled share based payments.
- The disclosures required by IFRS 7 Financial Instrument Disclosures.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Going Concern

As explained in the Directors' report, the Company's Directors have determined that the Company has reached the end of its useful life and will seek to enter the Company into Members Voluntary Liquidation as soon as is practically possible. The financial statements therefore continue to be prepared on a break up basis. The costs of terminating the business will be borne by the ultimate parent company, Vectura Group plc.

3. Significant accounting policies – Investments and trade receivables

Fixed asset investments are shown at cost, less provisions for impairment. As a result of the solvent Members Voluntary Liquidation, the carrying value of the investments was fully impaired.

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

4. Solvent members liquidation

On 7 December 2017, Vectura Group plc disposed of 8 dormant UK-based subsidiaries. The UK entities which were subject to a solvent member voluntary liquidation were as follows:

(1) Quadrant Healthcare (UK) Limited	(5) Quadrant Bioresource Limited
(2) Andaris Group Limited	(6) Andaris (DDS) Limited
(3) Quadrant Holdings Cambridge Limited	(7) Quadrant Trustee Limited
(4) Microshot Limited	(8) Protosome Limited

All of the companies listed above have subsequent to the balance sheet date been formally dissolved.

5. Intercompany receivables owed by Innovata Limited

In March 2007 Vectura Group plc acquired the entire share capital of Innovata plc, replacing Innovata Limited as the Company's ultimate parent undertaking. Intercompany receivables arising with Innovata Limited thereafter relate payments for access to intellectual property.

	Year ended 31 October 2018 £'000s	10 Months ended 31 October 2017 £'000s
At the beginning of the period	8,659	8,659
Innovata Limited receivables received in specie	41,053	-
Less Innovata Limited receivables distributed to parent in specie	(49,712)	-
Innovata Limited receivables	-	8,659

A liquidation dividend in specie was received from Quadrant Healthcare Limited of £41,053,000 representing the fair value of receivables in Innovata Limited, which were distributed as part of the liquidation process detailed at note 4. This amount was recorded in the income statement.

A corresponding pre-liquidation dividend in specie of £49,712,000 was paid to the Company's immediate parent Quadrant Technologies Limited. The higher amount of £49,712,000 also including the Company's legacy receivable from Innovata Limited of £8,659,000 which was added to the dividend in specie and distributed by the Company in specie to its parent entity.

6. Impairment of Investments

The Company's investments were fully impaired to £nil (2017: £16,295,000) following the solvent member liquidation process detailed at note 4. An impairment charge of £16,295,000 was recognised in the income statement.

Name of undertaking	Country of incorporation	Holding	Proportion held	Nature of Business
Quadrant Healthcare Limited	United Kingdom	Direct Ordinary	100%	Non-trading shell company
Quadrant USA Inc	United States of America	Indirect Ordinary	100%	Non-trading Dormant
QDose Limited	United Kingdom	Indirect Ordinary	50%	Non-trading Dormant

Remaining investments are held at nil net book value considered equal to their fair value. Indirectly held investments are subsidiaries of Quadrant Healthcare Limited.

7. Called up share capital

Allotted, called up and fully paid up share capital at 31 October 2018 and 31 October 2017 was as follows:

	Number	GBP
A Ordinary shares of £1.00 each	5	5

Legacy Merger reserves of £4,085,000 were recycled to retained earnings as part of the liquidation process.

8. Immediate and ultimate parent company

The Company's immediate parent undertaking is Quadrant Drug Delivery Limited, a company incorporated in England and Wales. The Company's ultimate parent undertaking and ultimate controlling party is Vectura Group plc, a company incorporated in England and Wales. Vectura Group plc is both the smallest and largest entity to consolidate the results of the Company.

The consolidated financial statements are available within the investors section of the Group's corporate website www.vectura.com/investors/financial-reports, and from Vectura Group plc, One Prospect West, Chippenham, Wiltshire, SN14 6FH.

9. Post balance sheet events

On 18 December 2018, Microshot Limited, Quadrant Bioresource Limited, Andaris (DDS) Limited, Quadrant Trustee Limited and Protosome Limited were dissolved.

On 18 April 2019, Quadrant Healthcare (UK) Limited, Andaris Group Limited and Quadrant Holdings Cambridge Limited were formally dissolved.