

Vanda Pharmaceuticals Limited

Financial statements

For the year ended 31 December 2016

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Vanda Pharmaceuticals Limited
Registered number:07256041

Balance sheet
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	2	397,306	-
Investments	3	32,866	=
		<u>430,172</u>	<u>=</u>
Current assets			
Debtors: amounts falling due after more than one year	4	125,280	-
Debtors: amounts falling due within one year	4	159,073	1
Cash at bank and in hand	5	1,729,850	-
		<u>2,014,203</u>	<u>1</u>
Creditors: amounts falling due within one year	6	(2,314,677)	=
Net current (liabilities)/assets		<u>(300,474)</u>	<u>1</u>
Total assets less current liabilities		<u>129,698</u>	<u>1</u>
Creditors: amounts falling due after more than one year	7	(31,954)	-
Provisions for liabilities and charges			
Deferred tax	8	(14,078)	-
		<u>(14,078)</u>	<u>-</u>
Net assets		<u><u>83,666</u></u>	<u><u>1</u></u>
Capital and reserves			
Called up share capital	9	1	1
Non Distributable Reserve		34,219	-
Profit and loss account		49,446	-
Total Equity		<u><u>83,666</u></u>	<u><u>1</u></u>

Vanda Pharmaceuticals Limited
Registered number:07256041

Balance sheet (continued)
As at 31 December 2016

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provision of FRS102 Section 1A- small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2017.

The Non Distributable Reserve represents amounts contributed to the Company by its parent, Vanda Pharmaceuticals Inc., in order to facilitate investment in the Company's subsidiaries. The amount is not required to be repaid by the Company.



J Kelly
Director

The notes on pages 3 to 11 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies

1.1 General Information

Vanda Pharmaceuticals Limited (the company") is a limited liability company, incorporated in the United Kingdom, and a whole owned subsidiary of Vanda Pharmaceuticals Inc. The address of the Company's registered office is 25 Old Broad Street, Level 21a, London, United Kingdom EC2N 1HQ. Vanda Pharmaceuticals Inc. is a global biopharmaceutical company focused on the development and commercialization of innovative therapies to address high unmet medical needs and improve the lives of patients. The Company's principals activities are marketing and sales support activities around pharmaceutical products in the European Union.

1.2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standard Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities)', and the Companies Act 2006.

1.3 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

In the prior year the company was dormant. The company transitioned from the provision applicable to companies subject to small companies' regime to Section 1A of FRS102 as at 1 January 2016. Information on the impact of first-time adoption is given in note 13.

In accordance with section 444(5A) & section 444(5B) of the Companies Act:

- the auditors' report for Vanda Pharmaceuticals Limited was unqualified;
- there were no matters to which the auditors drew attention by way of emphasis; and
- the auditor of the company is PricewaterhouseCoopers LLP and the auditors' report was signed by Duncan Stratford, the Senior Statutory Auditor.

1.4 Going concern

Based on review of management accounts forecasts the directors believe that it is appropriate to prepare the financial statements on a going concern basis. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.5 Turnover

Revenue from services is recognised on a cost plus basis, based on work done and billed as per terms of agreement.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- 57 months
Furniture and fixtures	- 57 months
Computer and other equipment	- 36 months

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Creditors

Short term creditors are measured at the transaction price.

1.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1. Accounting policies (continued)

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Vanda Pharmaceuticals Limited

**Notes to the financial statements
For the year ended 31 December 2016**

2. Tangible assets

	Leasehold Improvements £	Furniture and fixtures £	Computer and other equipment £	Total £
Cost or valuation				
At 1 January 2016	-	-	-	-
Additions	312,959	76,342	39,739	429,040
At 31 December 2016	<u>312,959</u>	<u>76,342</u>	<u>39,739</u>	<u>429,040</u>
Accumulated Depreciation				
At 1 January 2016	-	-	-	-
Charge for the year on owned assets	21,962	5,357	4,415	31,734
At 31 December 2016	<u>21,962</u>	<u>5,357</u>	<u>4,415</u>	<u>31,734</u>
Net book value				
At 31 December 2016	<u>290,997</u>	<u>70,985</u>	<u>35,324</u>	<u>397,306</u>
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Vanda Pharmaceuticals Limited

**Notes to the financial statements
For the year ended 31 December 2016**

3. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	-
Additions	32,866
At 31 December 2016	<u>32,866</u>
Net book value	
At 31 December 2016	<u>32,866</u>
At 31 December 2015	<u>-</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Vanda Pharmaceuticals Germany GmbH	Germany	Ordinary	100 %	Sales and marketing
Vanda Pharmaceuticals GmbH	Switzerland	Ordinary	100 %	Sales and marketing

Vanda Pharmaceuticals Limited

**Notes to the financial statements
For the year ended 31 December 2016**

4. Debtors

	2016 £	2015 £
Due after more than one year		
Deposit	125,280	-
	<u>125,280</u>	<u>-</u>
	2016 £	2015 £
Due within one year		
Other debtors	77,303	1
Prepayments and accrued income	81,770	-
	<u>159,073</u>	<u>1</u>

5. Cash at bank and in hand

	2016 £	2015 £
Cash at bank and in hand	1,729,850	-
	<u>1,729,850</u>	<u>-</u>

6. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	2,038,288	-
Corporation tax	5,889	-
Other creditors	68,891	-
Accruals and deferred income	201,609	-
	<u>2,314,677</u>	<u>-</u>

Vanda Pharmaceuticals Limited

**Notes to the financial statements
For the year ended 31 December 2016**

7. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Deferred rent	31,954	-
	<u>31,954</u>	<u>-</u>

8. Deferred tax

	2016 £
Charged to profit or loss	(14,078)
At end of year - (liability)	<u>(14,078)</u>

The deferred tax balance is made up as follows:

	2016 £
Fixed asset timing differences	(18,073)
Short term timing differences - trading	3,995
	<u>(14,078)</u>

9. Called up share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1 (2015: 1) Ordinary Shares share of £1	<u>1</u>	<u>1</u>

10. Share based payments

The Company has taken the exemption available in FRS 102 Section 1A not to disclose share-based payments.

**Notes to the financial statements
For the year ended 31 December 2016**

11. Related party transactions

Turnover is a result of sales and marketing services provided by the Company which are reimbursed on a cost-plus basis by the US parent.

Details of amounts owed to related parties is given in note 6.

Details of parent undertakings and the smallest group in which the Company is included in consolidated financial statements are given in note 12.

12. Controlling party

The Company's ultimate parent is Vanda Pharmaceuticals Inc. which is incorporated in the United States of America. The Company's immediate parent is also Vanda Pharmaceuticals Inc. The Company's smallest and largest group to consolidate the financial statements is Vanda Pharmaceuticals Inc. Consolidated financial statements for Vanda Pharmaceuticals Inc. are publically available from the Securities and Exchange Commission.

13. First time adoption of FRS 102 Section 1A- small entities

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 Section 1A- small entities and have not impacted on equity or profit or loss.