

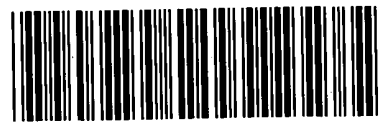
REGISTERED NUMBER: 02148607 (England and Wales)

INNOVATA LIMITED

02148607

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2017**

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CONTENTS

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Directors' responsibility statement	5
Report of the Independent Auditor to the Members of Innovata Limited	6
Income Statement	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

INNOVATA LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:	J Ward-Lilley A Derodra
COMPANY SECRETARY:	J Murphy
REGISTERED OFFICE:	One Prospect West Chippenham Wiltshire SN14 6FH United Kingdom
REGISTERED NUMBER:	02148607 (England and Wales)
AUDITOR:	KPMG LLP 15 Canada Square London E14 5GL
PRINCIPAL BANKERS:	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP United Kingdom

PRINCIPAL ACTIVITY

The principal activity of the Company is commercialisation of pharmaceutical products and this is expected to continue for at least the following 12 month period.

Innovata Limited (the "Company") is a wholly-owned subsidiary of Vectura Group plc ("Vectura" or the "Group") which is the smallest and largest entity to consolidate the Company's results. The Company's immediate parent undertaking is Vectura Group Investments Limited.

The Directors present their strategic report for the year ended 31 December 2017, owing to the change in reference date explained below, the comparative period is for the nine months ended 31 December 2016.

VECTURA GROUP PLC MERGER AND CHANGE OF REFERENCE DATE

In the comparative period, on 10 June 2016, an all-share Merger between Vectura Group plc and Skyepharma plc was implemented by way of a court-sanctioned scheme of arrangement of Skyepharma plc ("the Merger"). Further details of this transaction are available on the Group's website www.vectura.com/investors.

Following the Merger, the Group changed its accounting reference date from 31 March to 31 December, in order to align with Skyepharma plc; and also be consistent with a number of the Group's partners. Accordingly the Company was also required to change its accounting reference date to 31 December. As such, the comparative financial period is for the nine months ended 31 December 2016.

BUSINESS REVIEW

The Company's key financial performance indicators are presented within the table below:

	Year ended 31 December 2017 (£m)	9 months ended 31 December 2016 (£m)
Revenue	2.3	9.0
Operating Profit	3.2	9.2
Result after taxation	18.5	(40.5)
Net assets	2.7	122.2

Revenue

Adept® royalties of £1.3m (2016: £0.8m) continues to make a contribution to revenue until patent expiry on 13 May 2019. The Company's ADVATE® patent expired at the end of January 2016; however, owing to higher than anticipated production of ADVATE® inventory by Baxter prior to this expiry, royalties totalling £1.0m (2016: £8.2m) were received in 2017. No further royalties from sales of this product are expected in future periods.

Operating Profit

In addition to Revenue, other income received results in operating profit of £3.2m (2016: £9.2m). Other income £0.9m (2016: £0.2m) relates to gains on the release of contract liabilities where payment is no longer deemed probable owing to the end of life arrangements detailed above, net of other compliance expenses.

Result after taxation

The Company reported a profit after taxation of £18.5m (2016: loss of £40.5m). The profit is due to the gain on disposal of subsidiaries of £15.3m. The loss in the comparative period is driven by impairment charges totalling £49.7m.

Net assets

The reduction in net assets to £2.7m (2016: £122.2m) predominately relates to an intra-Group debt waiver with Vectura Limited of £138.0m and the movement in the income statement.

PRINCIPAL RISKS AND UNCERTAINTIES

As a member of the Vectura Group, the Company is directly exposed to a variety of risks which are either specific to the Company or are directly or indirectly applicable to the operations of the Company. Risks are identified and mitigated at Group level, with the following risks being deemed applicable to the Company:

- Partner failure
- Changes in the regulatory, operating or pricing environment (excluding Brexit)
- Brexit

For full details of the risk's and the Group's approach to risk manage, see the Group's Annual Report and Accounts section entitled *Risk Management & Principal Risks*.

FINANCIAL RISK MANAGEMENT

The Company is funded principally through intercompany borrowings. **Currency risk** exposure arises from foreign currency-denominated trading transactions undertaken in foreign currencies but which are not hedged. Such currency exposure is reduced by matching foreign currency revenues with expenditure in the same foreign currency.

This Strategic Report has been approved and signed on behalf of the Board:



Andrew Derodra
Director
12 June 2018

The Directors present their report on the affairs of the Company, together with the audited financial statements for the year ended 31 December 2017.

GOING CONCERN

The Company made a profit of £18.5m for the year ended 31 December 2017 (2016: loss of £40.5m) and has net assets of £22.7m (31 December 2016: £122.2m). The Company is assured to meet its liabilities as they fall due through a letter of support from Vectura Group plc covering the next twelve months.

The Directors have reviewed the Group's detailed cash flow forecast for the foreseeable future, made relevant enquiries and considered reasonably plausible downsides in trading performance, to satisfy themselves that the Ultimate parent company is able to provide the necessary support to enable the Company to meet its liabilities as they fall due. After making these enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

DIVIDENDS

During the year, the Company waived the right to a £138.0m (2016: £nil) intra-Group receivable from Vectura Limited, as well as all past, present and future claims related to this receivable.

The waiver was made in the form of a dividend in specie to the Company's immediate parent entity Vectura Group Investments Limited. As a result the intercompany receivable of £138.0m was de-recognised.

DIRECTORS

The Directors who held office during the year were J Ward-Lilley; A Derodra; and T M Phillips (resigned 25 May 2017).

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.

POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made (2016: £nil).

INFORMATION PROVIDED TO THE AUDITOR

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

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.

POST BALANCE SHEET EVENTS

On 8 May 2018 the Company entered into a capital contribution deed with its parent, Vectura Group Investments Limited, pursuant to receiving a £22.0m capital contribution in the form of a gift. This capital contribution was then immediately used by the Company to subscribe for one ordinary £1 share in the Company's immediate subsidiary undertaking, Innovata Biomed Limited for £22.0m.

This share subscription was Group support to allow Innovata Biomed Ltd to meet its obligation to repay an intercompany debt for which payment has been demanded by a fellow Group subsidiary, Vectura Limited. As the money provided is not considered recoverable, no adjustment was made to the investment value of Innovata Biomed Limited held by the Company, and as the £22.0m of cash effectively passed through the Company, there was no net impact on the financial statements.

The Director's Report has been approved and signed on behalf of the Board by:


.....
Andrew Derodra
Director
12 June 2018

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.

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.

Opinion

We have audited the financial statements of Innovata Limited ("the company") for the year ended 31 December 2017 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 December 2017 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

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

12 June 2018

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 £m	9 months ended 31 December 2016 £m
Revenue		2.3	9.0
Net other income		0.9	0.2
OPERATING PROFIT	4	<u>3.2</u>	<u>9.2</u>
Gain on disposal of subsidiary undertakings	7	15.3	—
Impairment charges	8	—	(49.7)
RESULT BEFORE TAX		<u>18.5</u>	<u>(40.5)</u>
Taxation		—	—
RESULT AFTER TAX		<u>18.5</u>	<u>(40.5)</u>

All results are derived from continuing operations and are attributable to the parent. As there is no difference between the results presented above and total comprehensive income, a separate statement of other comprehensive income is not presented.

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	31 December 2017 £m	31 December 2016 £m
ASSETS			
NON-CURRENT ASSETS			
Investments	7	—	34.4
CURRENT ASSETS			
Trade and other receivables	10		
Intercompany		5.1	143.0
External		0.3	3.3
Cash and cash equivalents		0.2	0.1
		<u>5.6</u>	<u>146.4</u>
TOTAL ASSETS		<u>5.6</u>	<u>180.8</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11		
Intercompany		(2.9)	(56.4)
External		—	(2.2)
		<u>(2.9)</u>	<u>(58.6)</u>
TOTAL LIABILITIES		<u>(2.9)</u>	<u>(58.6)</u>
NET ASSETS		<u>2.7</u>	<u>122.2</u>
EQUITY			
Called up share capital		1.0	5.0
Share premium		—	73.3
Special reserve		—	4.0
Merger reserve		—	16.0
Other reserve		—	1.9
Retained earnings		1.7	22.0
TOTAL EQUITY		<u>2.7</u>	<u>122.2</u>

The financial statements of Innovata Limited, registered number 02148607, were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



Andrew Derodra
Director
12 June 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Special reserve	Merger reserve	Other reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
1 April 2016	5.0	73.3	4.0	37.0	1.9	41.5	162.7
Loss for the period	—	—	—	—	—	(40.5)	(40.5)
Merger relief	—	—	—	(21.0)	—	21.0	-
31 December 2016	5.0	73.3	4.0	16.0	1.9	22.0	122.2
Profit for the year	—	—	—	—	—	18.5	18.5
Share capital reduction (A)	(4.0)	(73.3)	—	—	—	77.3	—
Other reserves transfer (B)	—	—	(4.0)	—	(1.9)	5.9	—
Merger relief (C)	—	—	—	(16.0)	—	16.0	—
Dividend in specie (D)	—	—	—	—	—	(138.0)	(138.0)
31 December 2017	1.0	—	—	—	—	1.7	2.7

A: Share capital and share premium reduction

On 5 July 2017 the Director's performed a share capital reduction. A special resolution to reduce capital supported by a solvency statement became effective on 19 July 2017 upon registration of documents at Companies House.

Share capital of the Company was reduced from £5,032,421.93 divided into 503,242,193 ordinary shares of £0.01 each, to £1,000,000 divided into 100,000,000 ordinary shares, by cancelling and extinguishing 403,242,193 ordinary shares held under the name of Vectura Group Investments Limited. The amount was credited to the retained earnings of the Company.

Furthermore the share premium account of the Company was cancelled and the amount of the share premium account credited to the retained earnings of the Company.

B: Transfer of other reserves

Redundant and legacy share based payment reserves from 2007 and the special reserve created in 1999 were no longer considered to be relevant, separately identifiable reserves and the balance of these reserves was accordingly recycled to retained earnings.

C: Merger relief on impaired Quadrant Group Investments

During the year, investments held in subsidiary undertakings were fully impaired following receipt of a pre-liquidation dividend. These assets were originally acquired at fair value and merger relief credited to the merger reserve. The merger reserve is a profit and initially treated as unrealised, but is subsequently realised in a manner similar to a revaluation reserve, i.e. the merger reserve became realised owing to the impairment of the underlying investments.

D: Dividend in specie – distribution of amounts due from fellow Group Company Vectura Limited

During the year, the Company waived the right to a £138.0m (2016: £nil) intra-Group receivable from Vectura Limited, as well as all past, present and future claims related to this receivable.

The waiver was made in the form of a dividend in specie to the Company's immediate parent entity Vectura Group Investments Limited following the restructuring of reserves above, and the intercompany receivable of £138.0m was de-recognised in the Company's balance sheet. Vectura Group Investments Limited subsequently deemed a capital contribution to Vectura Limited which accordingly extinguished the corresponding intercompany payable residing in Vectura Limited.

1. General information

Innovata Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales and is a wholly-owned subsidiary of Vectura Group plc. The address of the registered office is One Prospect West, Chippenham Wiltshire, SN14 6FH. The nature of the Company's operations and its principal activities are set out in the strategic report.

The Company previously prepared its financial statements to the accounting reference date of 31 March. Following the merger with Skyepharma, the Group and all subsidiaries have changed accounting reference date to 31 December. Accordingly, the comparative financial period is for the nine months ended 31 December 2016.

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
- Certain 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;
- Disclosures of transactions with a management entity that provides key management personnel services; and
- 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 the ultimate parent undertaking 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

The Company made a profit of £18.5m for the year ended 31 December 2017 (2016: loss of £40.5m) and has net assets of £2.7m (31 December 2016: £122.2m). The Company is assured to meet its liabilities as they fall due through a letter of support from Vectura Group plc covering the next twelve months.

The Directors have reviewed the Group's detailed cash flow forecast for the foreseeable future, made relevant enquiries and considered reasonably plausible downsides in trading performance, to satisfy themselves that the Ultimate parent company is able to provide the necessary support to enable the Company to meet its liabilities as they fall due. After making these enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

New Accounting Standards adopted in this period

IFRS 9 – Financial Instruments: The Company adopted IFRS 9 on 1 January 2017, albeit it had no financial impact on either the current or comparative period. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting, a new impairment model for financial assets and early recognition of expected credit losses. Refer to note 26 "Financial instruments" of the Group Annual report and Accounts.

2. Basis of preparation (continued)

Critical accounting judgements and key sources of estimation uncertainty

Investments are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

A provision for impairment of intra Group receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The difference between the assets carrying amount and the present value of estimated future cash flows is recognised in the income statement.

3. Significant accounting policies

Revenue

Revenues are recognised when the Company's obligations related to the revenues have been discharged and their collection is reasonably assured as follows:

Royalty income

Royalty income is recognised on an accruals basis and represents income earned as a percentage of partner product sales in accordance with the terms of each agreement, net of amounts payable to other licensees. As management are not directly responsible for the sale of the product to the market they prepare an estimate the level of royalties to be earned and compare this to external sales data reported by partners and royalty statements received.

4. Operating profit

Royalty income is recognised on an accruals basis and represents income earned as a percentage of partner product sales in accordance with the terms of each agreement, net of amounts payable to other licensees. As management are not directly responsible for the sale of the product to the market they prepare an estimate the level of royalties to be earned and compare this to external sales data reported by partners and royalty statements received.

The Company had two legacy revenue-contributing non-inhaled assets partnered with Baxter (ADVATE® and Adept®) which contributed royalty revenues of £2.1m (2016: £8.8m).

Adept® royalties of £1.3m (2016: £0.8m) continues to make a minor contribution to revenue until patent expiry on 13 May 2019. The Company's ADVATE® patent expired at the end of January 2016; however, owing to higher than anticipated production of ADVATE® inventory by Baxter prior to this expiry, royalties totalling £1.0m (2016 £8.2m) were received. No further royalties from sales of this product are expected in future years. Additionally, the Company received £0.2m of technology licensing income from Baxter (2016: £0.2m)

Other income £0.9m (2016: £0.2m) relates to gains on the release of contract liabilities where payment is no longer deemed probable owing to the end of life arrangements detailed above, net of compliance expenses.

5. Employees

The Company has no employees (2016: nil). Aggregate Directors' emoluments for qualifying Group services of £2.2m (2016: £3.5m) were borne by another Group Company. Full details of Directors' remuneration are contained in the Group's consolidated financial statements, refer to note 32.

6. Auditor's remuneration

Fees payable to the Company's auditor services pursuant to these accounts were £7,500 (2016 £5,000). No other non-audit or other services were performed.

7. Disposal of subsidiary undertakings

On 7 December 2017, the Company disposed of 8 dormant UK based subsidiaries by appointing KPMG as liquidators pursuant to a Members Voluntary Liquidation process. As these entities were dormant, they were disposed of for £nil consideration. These entities only contained intercompany payables to the Company, and as such, a pre-liquidation dividend was received to extinguish the net amounts owed to these entities as follows:

	31 December 2017 £m	31 December 2016 £m
Amounts due from Andaris Group Limited	—	3.8
Amounts owed to other Subsidiary undertakings	—	(53.5)
Net Amounts due to liquidated subsidiaries	—	(49.7)

The entities subject to the Members Voluntary Liquidation process are as follows (1) Quadrant Healthcare (UK) Limited (2) Andaris Group Limited (3) Quadrant Holdings Cambridge Limited (4) Microshot Limited (5) Quadrant Bioresource Limited (6) Andaris (DDS) Limited (7) Quadrant Trustee Limited and (8) Protosome Limited.

As the pre-liquidation distributions also meant the disposal of the investment held on the balance sheet, the investment value was offset against the gain, as follows:

	Year ended 31 December 2017 £m
Pre-liquidation dividend received in specie	49.7
Disposal of investments	(34.4)
Gain on Disposal recognised in the Income statement	15.3

8. Impairment

	9 months ended 31 December 2016 £m
Impairment of Goodwill	21.0
Provision for impairment of Innovata Biomed Limited receivable	28.7
Total impairment charges	49.7

Due to ADVATE® patent expiry in January 2016, Goodwill was fully impaired in the comparative period. This qualified for merger relief in accordance with the Companies Act and accordingly the merger reserve was released to offset the realised loss experience on the Goodwill impairment.

Furthermore, a provision for impairment was made in the prior period, against intercompany receivables due from the Company's subsidiary undertaking Innovata Biomed Limited as the recoverability of this balances appears doubtful. This continues to be fully impaired.

9. Taxation

The Company is profit-making and the effective tax rate is zero. Tax charged at the UK standard rate (19.25% 2016: 20%) was either group relieved by other UK group companies, or benefits from patent box deductions such that the tax charge is £nil (2016: £nil).

	Year ended 31 December 2017 £m	9 months ended 31 December 2016 £m
Profit / (Loss) before tax	18.5	(40.5)
Profit / (Loss) before tax multiplied by standard rate of UK corporation tax of 19.25% (2016: 20%)	3.4	(8.1)
Effects of:		
Disallowable impairment charges	—	9.9
Exempt income – substantial shareholding exemption	(2.9)	—
Group relief utilised	(0.4)	(1.1)
Other permanent differences	(0.1)	(0.7)
Total tax charge/(credit) for the period	—	—

10. Trade and other receivables

	31 December 2017 £m	31 December 2016 £m
Amounts due from:		
Vectura Drug Delivery Devices Limited	3.6	3.6
Vectura GmbH	0.1	0.1
Vectura Limited	1.4	135.5
Dormant entities	—	3.8
Intercompany receivables sub-total	5.1	143.0
External:		
Accrued income	0.3	3.3
Total Trade and other receivables	5.4	146.3

As all external receivables have been settled for cash, after the balance sheet date. Pursuant to the cessation of ADVATE® royalties, accrued income of £2.1m were released to the Income Statement as their payment was no longer deemed probable.

During the year, the Company waived the right to a £138.0m (2016: £nil) intra-Group receivable from Vectura Limited, as well as all past, present and future claims related to this receivable. The waiver was made in the form of a dividend in specie made out of newly created distributable reserves to the Company's immediate parent entity Vectura Group Investments Limited. As a result of this distribution to the immediate parent entity, the intercompany receivable of £138.0m was de-recognised.

Amounts due from dormant entities in the prior period were settled through a pre-liquidation dividend during the year. Refer to note 7 for further information.

11. Trade and other payables

	31 December 2017 £m	31 December 2016 £m
Amounts owed to:		
Vectura Group plc	2.6	2.6
Quadrant Technologies Limited	0.3	0.3
Dormant entities	—	53.5
Intercompany payables sub-total	2.9	56.4
External:		
Accruals	—	2.2
Total Trade and other payables	2.9	58.6

Amounts due to dormant entities in the prior period were settled through a pre-liquidation dividend during the year. Refer to note 7 for further information.

12. Ultimate parent company

The Company is a subsidiary undertaking of Vectura Group Investments Limited. 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 for Vectura Group plc 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.

13. Post balance sheet events

On 8 May 2018 the Company entered into a capital contribution deed with its parent, Vectura Group Investments Limited, pursuant to receiving a £22.0m capital contribution in the form of a gift. This capital contribution was then immediately used by the Company to subscribe for one ordinary £1 share in the Company's immediate subsidiary undertaking, Innovata Biomed Limited for £22.0m.

This share subscription was Group support to allow Innovata Biomed Limited to meet its obligation to repay an intercompany debt for which payment has been demanded by a fellow Group subsidiary, Vectura Limited. As the money provided is not considered recoverable, no adjustment was made to the investment value of Innovata Biomed Limited held by the Company and as the £22.0m of cash effectively passed through the Company, there was no net impact on the financial statements.