

Catalent CTS UK Holding Limited

Report and Financial Statements

Year ended 30 June 2015

Registered No: 08338521

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COMPANIES HOUSE

Catalent CTS UK Holding Limited

Registered No 08338521

Directors

J G Hepburn (Resigned 28 September 2015)

S Houlton (Resigned 14 December 2015)

A Robinson

W Joseph (Appointed 20 October 2015)

S Cryer (Appointed 14 December 2015)

Secretary

W Joseph (Resigned 14 December 2015)

S Cryer (Appointed 14 December 2015)

Auditors

Ernst & Young LLP

10 George Street

Edinburgh

EH2 2DZ

Bankers

Barclays Bank PLC

1 Churchill Place

Canary Wharf

London

E14 5HP

Registered Office

Unit 107 Tenth Avenue

Deeside Industrial Park

Deeside

Flintshire

CH5 2UA

Strategic report

The Directors present their strategic report for the year ended 30 June 2015

Results and dividends

The loss for the year ended 30 June 2015 for the Company, after taxation, amounted to £28,841,787 (2014 £8,609,163)

The Directors do not recommend a dividend for the period (2014 £ nil)

Review of the business

The Company operates as an investment holding Company. Its key investment is in the trading Company Catalent CTS (Edinburgh) Limited, whose principal activity is that of contract packaging and distribution of clinical trial drug materials.

Principal risks and uncertainties

In its role as a parent undertaking the major risk and uncertainty is in the ability of its subsidiaries to continue to make dividend payments. Despite the downturn in the worldwide economy it is not anticipated that this will happen.

On behalf of the Board



S Cryer
Director

3 May 2016

Directors' report

The Directors present the Directors' Report for the period ended 30 June 2015

Results and Dividend

The loss for the year ended 30 June 2015 for the Company, after taxation, amounted to £28,841,787 (2014 £8,609,163) The Directors do not recommend a dividend for the period (2014 £ nil)

Principal activity

The principal activity of the Company is an investment holding Company

Directors and their interests

The Directors who held office during the year were as follows

J G Hepburn
S Houlton
A Robinson
W Joseph
S Cryer

None of the Directors in office during the year held any beneficial interests in the share capital of the Company during the year

Going concern

The financial statements have been prepared under the going concern basis, notwithstanding the Company has net current liabilities. The Directors believe this basis to be appropriate as the parent Company has provided the Company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. It has further undertaken that it will act to ensure that repayment is not sought for at least a year from the date of signature of these financial statements of any amounts made available to the Company by fellow group undertakings. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

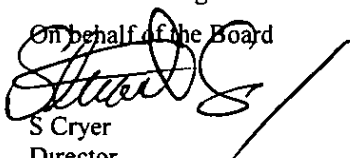
Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the group's auditor, each Director has taken steps that he is obliged to take as Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



S Cryer
Director

3 May 2016

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with the applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period. 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). 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 accounting judgements and accounting 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
- 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 Catalent CTS UK Holding Limited

We have audited the financial statements of Catalent CTS UK Holding Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Catalent CTS UK Holding Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Stephen Reid (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

10 MAY 2016

Profit and loss account

For the year ended 30 June 2015

		2015	2014
		£	£
Administration expenses		-	-
Operating profit		-	-
Impairment of Investment	6	(20,000,000)	-
Net interest payable	4	(8,841,787)	(8,609,163)
Loss on ordinary activities before taxation		(28,841,787)	(8,609,163)
Taxation	5	-	-
Loss for the financial year		(28,841,787)	(8,609,163)

Statement of total recognised gains and losses

There are no recognised gains and losses other than the loss for the period and all operations are continuing

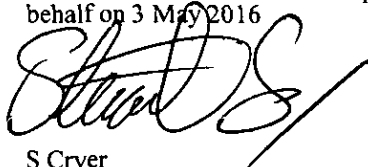
The notes on pages 9 to 14 form part of these financial statements. There is no difference between the historical cost profit and loss and the result shown above

Balance sheet

At 30 June 2015

	<i>Notes</i>	2015	2014
		£	£
Fixed assets			
Investments	6	<u>135,000,000</u>	<u>155,000,000</u>
Current assets			
Debtors due within one year	7	2	2
Creditors amounts falling due within one year	8	<u>(7,645,932)</u>	<u>(766,132)</u>
Net current liabilities		<u>(7,645,930)</u>	<u>(766,130)</u>
Total assets less current liabilities		<u>127,354,070</u>	<u>154,233,870</u>
Liabilities falling due after one year			
Loan payable to group undertaking	9	<u>(191,970,940)</u>	<u>(190,008,953)</u>
Net assets		<u>(64,616,870)</u>	<u>(35,775,083)</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	<u>(64,616,872)</u>	<u>(35,775,085)</u>
Equity shareholders' deficit	11	<u>(64,616,870)</u>	<u>(35,775,083)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 3 May 2016



S Cryer
Director

Notes to the financial statements

At 30 June 2015

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

Going concern

The financial statements have been prepared under the going concern basis, notwithstanding the Company has net current liabilities. The Directors believe this basis to be appropriate as the parent Company has provided the Company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. It has further undertaken that it will act to ensure that repayment is not sought for at least a year from the date of signature of these financial statements of any amounts made available to the Company by fellow group undertakings.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Group financial statements

The Company has taken advantage of the exemption in section 401 of the Companies Act and has not prepared group financial statements for the period ended 30 June 2015. The Company is a wholly owned subsidiary of another Company which prepares group financial statements. These accounts present information about the Company only and do not incorporate the results of its subsidiaries.

Statement of cash flows

As permitted by FRS 1 (Revised), no cash flow statement has been prepared as the Company is a wholly owned subsidiary of Catalent Inc, whose group financial statements includes a consolidated cash flow statement and is publicly available.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to the financial statements

At 30 June 2015

1. Accounting policies (continued)

Related party transactions

In accordance with the exemption permitted by FRS 8, Related Party Transactions, transactions with fellow wholly owned group companies have not been disclosed

Investments

Investments held as fixed assets are shown at cost less provision for impairment

2. Directors' emoluments

The Directors of the Company are also Directors of other group companies. The Directors do not believe that it is practicable to apportion their total remuneration between companies. The amounts are therefore disclosed in full in other group Company's financial statements

	2015	2014
	£	£
Emoluments	<u>244,478</u>	<u>238,634</u>
Company contributions paid to defined contribution pension schemes	<u>14,933</u>	<u>14,765</u>

A management charge of £2,990,579 (2014 £5,714,076) in respect of administration costs has been made by Catalent Inc to Catalent CTS (Edinburgh) Limited, the Company's subsidiary which includes Directors' remuneration for two of the Company's Directors that is not possible to identify separately

	2015	2014
	No.	No
Members of defined contribution pension schemes	<u>1</u>	<u>1</u>

The remuneration of the highest paid Director was £259,411 including £14,933 Company contributions paid to a defined contribution pension scheme

3. Auditor's remuneration

The audit fee is borne by the subsidiary Company, Catalent CTS (Edinburgh) Limited

Notes to the financial statements

At 30 June 2015

4. Interest payable

	2015	2014
	£	£
Interest payable to group undertakings	8,841,787	8,609,163

5. Taxation

a) Tax charge on (loss) on ordinary activities

The tax charge is made up as follows

	2015	2014
	£	£
Current tax*		
UK corporation tax on the (loss) for the period	-	-
Adjustment in respect of prior periods	-	-
Total current tax (note 5(b))	-	-

b) Factors affecting the current tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20.75%

The differences are explained below

	2015	2014
	£	£
(Loss) on ordinary activities before tax	(28,841,787)	(8,609,163)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	(5,984,671)	(1,937,062)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,247,576	1,317,751
Impairment of investment	4,150,000	-
Losses transferred for group relief	587,095	619,311
Current tax for the year (note 5(a))	-	-

Notes to the financial statements

At 30 June 2015

5. Taxation (continued)

c) Factors that may affect future tax charges

UK Corporation tax is calculated at 20.75% of the estimated assessable profit/ (loss) for the period

The standard rate of corporation tax reduced from 21% to 20%, effective from 1 April 2015. The Finance act (No 2) 2015 includes legislation which will reduce the rate further to 19% from 1 April 2017, and to 18%, from April 2020. The Finance act (No 2) 2015 was substantively enacted on 26 October 2015 and given Royal Assent on 18 November 2015.

The chancellor announced in the budget on 16 March 2016 that the UK corporation tax rate will be further reduced to 17% as of 1 April 2020, although this has not been substantively enacted.

A deferred tax asset is not recognised as the Company is not expected to make profits in the future to offset the current losses.

6. Investments

	2015 £	2014 £
Cost at 30 June 2014 and 30 June 2015	178,000,000	178,000,000
Amount provided at 30 June 2014	(23,000,000)	(23,000,000)
Impairment	(20,000,000)	-
Amounts provided at 30 June 2015	<u>(43,000,000)</u>	<u>(23,000,000)</u>
Carrying amount at 30 June	<u>135,000,000</u>	<u>155,000,000</u>

The Company purchased the entire share capital of Catalent CTS (Wales) Limited on 21 December 2012 at fair value at date of acquisition of £178,000,000. The investment was impaired to a value of £138,776,290 at 30 June 2015.

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Investment</i>	<i>Location</i>	<i>Proportion of Voting rights & Shares held</i>	<i>Nature of Business</i>
Catalent CTS (Wales) Ltd	UK	100%	Holding Company

Notes to the financial statements

At 30 June 2015

7. Debtors

	2015 £	2014 £
Amounts owed by group undertakings	<u>2</u>	<u>2</u>

8. Creditors: amounts falling due within one year

	2015 £	2014 £
Amount due to group undertaking	<u>7,645,932</u>	<u>766,132</u>

9. Creditors: amounts falling due after one year

Loans from group undertaking

	2015 £	2014 £
Wholly payable after 5 years -		
6 2% unsecured loan of £133,500,000 repayable on 31 December 2020	133,500,000	133,500,000
Interest free unsecured loan of £44,500,000 repayable on 31 December 2033	44,500,000	44,500,000
Repayable on demand -		
3 months Libor rate plus 2 75 basis points Revolving credit agreement not to exceed aggregate £75,000,000	13,970,940	12,008,953
	<u>191,970,940</u>	<u>190,008,953</u>

10. Share capital

The authorised, allotted and fully paid share capital of the group and Company consisted of

	2015 £	2014 £
Authorised		
Equity share capital		
200 shares of £0 01 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid		
Equity share capital		
200 shares of £0 01 each	<u>2</u>	<u>2</u>

Notes to the financial statements

At 30 June 2015

11. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Equity shareholders' deficit
	£	£	£
At 30 June 2014	2	(35,775,085)	(35,775,083)
Loss for the period	-	(28,841,787)	(28,841,787)
At 30 June 2015	2	(64,616,872)	(64,616,870)

12. Ultimate parent undertaking

The ultimate parent undertaking is Catalent Inc, which is incorporated in the United States of America
The Company's immediate parent undertaking is Catalent Pharma Solutions LLC

A copy of the consolidated financial statements of Catalent Inc can be obtained from Catalent Pharma Solutions, 14 Schoolhouse Road, Somerset, NJ 08873