

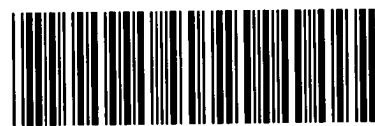
Registered number: 07256041

VANDA PHARMACEUTICALS LIMITED

ANNUAL REPORT FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

TUESDAY



A9EN7VJD

A22

29/09/2020

#102

COMPANIES HOUSE

VANDA PHARMACEUTICALS LIMITED
REGISTERED NUMBER: 07256041

BALANCE SHEET
AS AT 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 3 | 119,724 | 218,352 |
| Investments | 4 | 32,866 | 32,866 |
| | | <u>152,590</u> | <u>251,218</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 5,9 | 125,824 | 125,280 |
| Debtors: amounts falling due within one year | 5 | 96,155 | 93,226 |
| Cash and cash equivalents | 6 | 186,554 | 327,840 |
| | | <u>408,533</u> | <u>546,346</u> |
| Creditors: amounts falling due within one year | 7 | (421,876) | (656,930) |
| Net current liabilities | | <u>(13,343)</u> | <u>(110,584)</u> |
| Total assets less current liabilities | | <u>139,247</u> | <u>140,634</u> |
| Creditors: amounts falling due after more than one year | 8 | (634) | (11,074) |
| Provisions for liabilities | | | |
| Deferred tax liabilities | 9 | - | (11,897) |
| | | <u>-</u> | <u>(11,897)</u> |
| Net assets | | <u><u>138,613</u></u> | <u><u>117,663</u></u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 1 | 1 |
| Non Distributable Reserves | | 32,865 | 32,865 |
| Profit and loss account | | 105,747 | 84,797 |
| Total Equity | | <u><u>138,613</u></u> | <u><u>117,663</u></u> |

VANDA PHARMACEUTICALS LIMITED
REGISTERED NUMBER: 07256041

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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.

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 14 September 2020

Kevin Moran

K Moran
Director

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

VANDA PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Vanda Pharmaceuticals Limited (the Company) is a private company limited by shares, incorporated in England, and a wholly 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 leading 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 principal activities are marketing and sales support activities around pharmaceutical products in the European Union.

2. Accounting policies

2.1 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.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with Section 444(2A) of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

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.

The following principal accounting policies have been applied:

2.2 Consolidation

The Company is a wholly-owned subsidiary of Vanda Pharmaceuticals Inc., and is included in the financial statements of Vanda Pharmaceuticals Inc., which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 401 of the Companies Act 2006.

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.8.

This information is included in the consolidated financial statements of Vanda Pharmaceuticals Inc. as at 31 December 2019 and these financial statements may be obtained from Securities and Exchange Commission.

2.4 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.

2.5 Turnover

Revenue from services is recognised on a cost or 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.

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

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

2.9 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.

2.10 Creditors

Short term creditors are measured at the transaction price.

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 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'.

2.12 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 2019**

3. Tangible assets

| | Leasehold improvements £ | Furniture and fixtures £ | Computer and other equipment £ | Total £ |
|-------------------------------------|--------------------------------|--------------------------------|---|------------|
| Cost or valuation | | | | |
| At 31 December 2018 | 321,001 | 76,342 | 56,416 | 453,759 |
| At 31 December 2019 | 321,001 | 76,342 | 56,416 | 453,759 |
| Accumulated depreciation | | | | |
| At 31 December 2018 | 157,684 | 37,501 | 40,222 | 235,407 |
| Charge for the year on owned assets | 67,580 | 16,073 | 14,975 | 98,628 |
| At 31 December 2019 | 225,264 | 53,574 | 55,197 | 334,035 |
| Net book value | | | | |
| At 31 December 2019 | 95,737 | 22,768 | 1,219 | 119,724 |
| At 31 December 2018 | 163,317 | 38,841 | 16,194 | 218,352 |

4. Investments

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| At 31 December 2018 | 32,866 |
| At 31 December 2019 | 32,866 |

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

5. Debtors

| | 2019 £ | 2018 £ |
|-------------------------------------|-------------------|-------------------|
| Due after more than one year | | |
| Deposits | 125,280 | 125,280 |
| Deferred tax asset | 544 | - |
| | 125,824 | 125,280 |
| | | |
| | 2019 £ | 2018 £ |
| Due within one year | | |
| Other debtors | 16,250 | 15,046 |
| Prepayments and accrued income | 79,905 | 78,180 |
| | 96,155 | 93,226 |

6. Cash and cash equivalents

| | 2019 £ | 2018 £ |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 186,554 | 327,840 |
| | 186,554 | 327,840 |

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 332,237 | 537,626 |
| Corporation tax | 22,666 | 18,602 |
| Other creditors | 12,486 | 4,210 |
| Accruals and deferred rent | 54,487 | 96,492 |
| | <u>421,876</u> | <u>656,930</u> |

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

| | 2019 £ | 2018 £ |
|---------------|------------|---------------|
| Deferred rent | 634 | 11,074 |
| | <u>634</u> | <u>11,074</u> |

9. Deferred tax

| | 2019 £ | 2018 £ |
|---------------------------|------------|-----------------|
| At beginning of year | (11,897) | (21,147) |
| Charged to profit or loss | 12,441 | 9,250 |
| At end of year | <u>544</u> | <u>(11,897)</u> |

The deferred tax balance is made up as follows:

| | 2019 £ | 2018 £ |
|---|------------|-----------------|
| Fixed asset timing differences | (3,203) | (14,719) |
| Short term timing differences- trading | 3,747 | 2,822 |
| Deferred tax asset/(liabilities) | <u>544</u> | <u>(11,897)</u> |

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Called up share capital

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 (2018 - 1) Ordinary share of £1 | 1 | 1 |
| | <u>1</u> | <u>1</u> |

11. Share based payments

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

12. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Not later than 1 year | 208,800 | 208,800 |
| Later than 1 year and not later than 5 years | 83,284 | 239,884 |
| | <u>292,084</u> | <u>448,684</u> |

The non-cancellable portion of the lease is 5 years, due to end May 2021. The lease can be extended for a period of another 5 years.

13. Post balance sheet events

In December 2019, a novel strain of coronavirus (COVID-19) surfaced in Wuhan, China. Since then, COVID-19 has spread to nearly every country in the world, including the U.K. The COVID-19 pandemic continues to rapidly evolve. The extent to which the outbreak may impact the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and the effects of which cannot be reasonably estimated at this time.

14. Related party transactions

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

Details of amounts owed to related parties is given in note 7.

Details of parent undertakings and the smallest group in which the Company is included in consolidated financial statements are given in note 15.

VANDA PHARMACEUTICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Controlling party

The Company's immediate and ultimate parent is Vanda Pharmaceuticals Inc. which is incorporated in the United States of America, Vanda Pharmaceuticals Inc. registered address is 2200 Penn Ave NW Ste 300e Washington. Consolidated financial statements for Vanda Pharmaceuticals Inc. are publicly available from the Securities and Exchange Commission.