

Yakult UK Limited

Annual report and financial statements

Registered number 03087710

31 December 2019

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Strategic Report

The Directors present their Strategic report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company is the sale and distribution of Yakult, a probiotic health drink, in the UK and Ireland.

Business Review

The results for the year ended 31 December 2019 are set out on page 9. The profit before taxation for the year was £296,047 (2018: £296,826). The key indicator of “Bottles per day” did not exceed the budget for the year due to the decline in Yakult’s market share of a declining category

The Active Health Drink category based on IRI Data, in which Yakult sits, showed a decline of 2.9% to £202.7m for the UK by the end of December 2019 (2018: £208.9m) on a like for like comparable basis. This compares to a 1.6% decline in the previous year. The category has increased due to new entrants, notably Kefir.

However, Yakult’s UK market share of the category dropped to 11.9% (2018: 13.4%) on a like for like comparable basis in value terms.

Yakult has a branch in Ireland and the Irish AHD category based on AC Nielsen data, saw another year of reduction to €17m (2018: € 17.2m) on a like for like comparable basis, however Yakult’s market share in Ireland increased to 10.4% (2018: 9.8%) in value terms.

Principal Risks and Uncertainties

Yakult operates in line with EFSA restrictions on product claims and this is considered one of the principal risks to the business. Yakult continues its advertising and communications in this environment to ensure compliance.

Yakult is seen as the premium brand offering in the AHD category.

Yakult does not price promote and differentiates itself from other brands in the category using various communication channels, focusing for example on focused direct face to face messaging activities based on our scientific heritage. Yakult continues its renewed push since 2016 on the messaging based on scientific heritage which is translating into higher market share albeit a challenging environment of a declining category .

The Company is expecting some improvement in 2020 compared to 2019 now that there is a measure of stability and direction following the outcome of the Election at the end of 2019, and the finality of the formal UK’s withdrawal at the end of January 2020. The Government has the next challenge of conducting a Free Trade deal with the EU within the tight deadline by the end of 2020. In addition Trade deal discussion can start with other countries, notably the US. Inevitably the progress of these discussions are factors which could affect consumer confidence and the consequent impact on the Grocery sector, AHD category and the shopping basket.

The Company strives to be consistent in its response to the changes in the marketplace. It believes that it is well placed to benefit based on its credentials and differentiation from other products.

The Company is committed to raising the quality of life for people by expanding its contribution to the prevention of illness and disease. Yakult will continue to work with our retail partners and the end consumer alike to promote the brand and the products within it.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of the auditor’s report.

The Company continues to trade strongly despite ongoing challenges in the active health drink sector. The Directors consider that it is appropriate to prepare the accounts on a going concern basis based on budgets and forecasts that cover the period of 12 months from the signed statutory reporting date, which indicate that the Company has sufficient resources to meet debts as they fall due. The budgets and forecasts are the sole responsibility of the Directors based on their present plans, expectations and intentions. Thus, the Company continue to adopt the going concern basis in preparing the annual financial statements.

Strategic Report (continued)

Financial Risks

A risk to the Company remains, as ever, in ensuring the successful deployment of a communication strategy consistent with consumer trends in the AHD category, and working within a restrictive health claim legislative framework. The Directors' plan to mitigate this risk by working with our retail partners to ensure viability in our propositions, ensuring the product supplied to customers meets our quality standards and responding to a highly competitive market place.

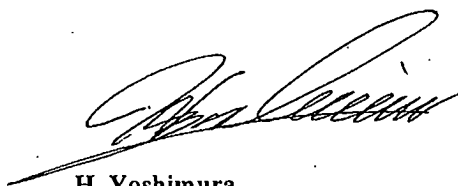
The Company had net cash of £2,494,178 (2018:£2,157,353) at the balance sheet date. Operational needs are financed out of these deposits and operational cash flow. Surplus cash is placed on short term deposit at market rates. Interest receivable continues to be low, and is expected to be so in the current economic climate set by Bank of England policy on keeping the base rate at 0.75%.

The bulk of the Company's transactions are denominated in Sterling with a small foreign exchange requirement to enable payment of non-UK based suppliers. The Irish operations generate sufficient Euros to fund suppliers in the Republic and thus provide a natural hedge. Any foreign currency is bought for matters of normal trade as and when required.

For all trade creditors it is the policy of the Company to make payment within agreed terms.

Average debtor days stand at 44 (2018: 41). The majority of the customer base is with the major retailers who make regular payments on a monthly basis and in some cases weekly. Bad debt risk is considered to be low.

By order of the board



H. Yoshimura
Director

Anteros
Odyssey Business Park
West End Road
Ruislip
HA4 6QQ

5 March 2020

Directors' report

Dividend

The Directors did not pay a dividend in 2019 (2018: Nil).

Directors

The Directors who held office during the year and since the end of the year were as follows:

H Matsubara
H Narita
H Yoshimura
Y Kawabata

Employees

The Company has an open approach to information and involvement of employees. There are monthly staff meetings to keep the Yakult employees up-to-date with business activities as well as a company Intranet with Yakult news articles regularly updated.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

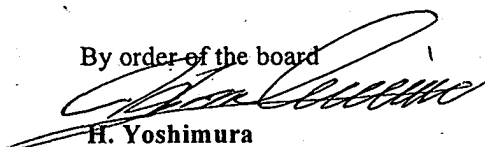
Disclosure of information to auditor

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 they ought to have taken as a director to make themselves 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.

By order of the board



H. Yoshimura
Director

Anteros
Odyssey Business Park
West End Road
Ruislip HA4
6QQ

5th March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.



KPMG LLP
15 Canada Square
London
E14 5GL

Independent auditor's report to the members of Yakult UK Limited

Opinion

We have audited the financial statements of Yakult UK Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of the assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 5, 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.

M. Smith

Mark Smith
Senior Statutory Auditor
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 6 March 2020

Profit and Loss Account and Other Comprehensive Income

For the year ended 31/12/2019

	Note	2019 £	2018 £
Turnover	2	18,828,268	19,355,760
Cost of sales		(10,528,150)	(10,942,987)
Gross profit		8,300,118	8,412,773
Distribution costs		(1,002,657)	(954,534)
Administrative expenses		(7,010,449)	(7,167,327)
Operating profit		287,012	290,912
Interest receivable and similar income		9,513	6,092
Interest payable and other charges		(478)	(178)
Profit before taxation		296,047	296,826
Tax on profit on ordinary activities	6	(56,738)	(54,475)
Profit for the financial year		239,309	242,351

All activities are classed as continuing.

Other Comprehensive Income

For the year ended 31/12/2019

	2019 £	2018 £
Profit for the year	239,309	242,351
Other comprehensive income		
Total comprehensive income for the year	239,309	242,351

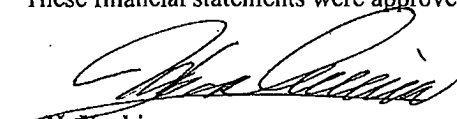
Notes on pages 12 to 20 form an integral part of financial statements

Balance Sheet

As at 31/12/2019

	Note	2019	2019	2018	2018
		£	£	£	£
Fixed assets					
Tangible assets	7		38,833		57,098
Current assets					
Stocks	8	171,642		193,354	
Debtors	9	2,783,696		2,567,303	
Cash at bank and in hand		2,494,178		2,157,353	
		<u>5,449,516</u>		<u>4,918,010</u>	
Creditors: amounts falling due within one year	10	(2,243,881)		(1,967,400)	
Net current assets			<u>3,205,635</u>		<u>2,950,610</u>
Total assets less current liabilities			<u>3,244,468</u>		<u>3,007,708</u>
Provisions for liabilities					
Deferred tax liability	11	(4,067)		(6,616)	
			<u>(4,067)</u>		<u>(6,616)</u>
			<u>3,240,401</u>		<u>3,001,092</u>
Capital and reserves					
Called up share capital	13		1,450,000		1,450,000
Profit and loss account			1,790,401		1,551,092
Shareholders' funds			<u>3,240,401</u>		<u>3,001,092</u>

These financial statements were approved by the board of Directors on 5th March 2020 and were signed on its behalf by:



H. Yoshimura
Director

Company registered number: 03087710

Notes on pages 12 to 20 form an integral part of financial statements

Statement of Changes in Equity

	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1st January 2018	1,450,000	1,308,741	2,758,741
Total comprehensive income for the period	-	242,351	242,351
Dividend Paid in the year	-	-	-
Balance at 31st December 2018	1,450,000	1,551,092	3,001,092
	<hr/>	<hr/>	<hr/>
	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1st January 2019	1,450,000	1,551,092	3,001,092
Total comprehensive income for the period	-	239,309	239,309
Dividend Paid in the year	-	-	-
Balance at 31st December 2019	1,450,000	1,790,401	3,240,401
	<hr/>	<hr/>	<hr/>

Notes on pages 12 to 20 form an integral part of financial statements

Notes

(Forming part of the financial statements)

1. Accounting policies

Yakult UK Limited is a company limited by shares and incorporated and domiciled in the UK. The Registered office of Yakult UK Ltd is Anteros, Odyssey Business Park, West End Road, South Ruislip, Middlesex, HA4 6QQ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *the Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Yakult Honsha Co, Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 1-19, Higashi, Shimbashi 1-chrome, Minato-ku, Tokyo 105-8660, Japan. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- ☐ Cash Flow Statement and related notes;
- ☐ Related party transactions with group companies.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis

1.2 *Going Concern*

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of the auditor's report.

The Company continues to trade strongly despite ongoing challenges in the active health drink sector. The Directors consider that it is appropriate to prepare the accounts on a going concern basis based on budgets and forecasts that cover the period of 12 months from the signed statutory reporting date, which indicate that the Company has sufficient resources to meet debts as they fall due. The budgets and forecasts are the sole responsibility of the Directors based on their present plans, expectations and intentions. Thus, the Company continue to adopt the going concern basis in preparing the annual financial statements.

1.3 *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.9 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|---|---|
| <input type="checkbox"/> Leasehold improvements | over the shorter of 5 years and the life of the lease |
| <input type="checkbox"/> Fixtures and fittings | over 3 to 5 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. It comprises finished goods imported from Yakult Europe BV, in the Netherlands.

Notes (continued)

1 Accounting policies (continued)

1.7 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

1.8 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers during the year. Turnover is recognised on delivery of goods to customers.

1.9 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover arises from the principal activities of the company and occurs wholly in the UK and Ireland

	2019	2018
	£	£
Sale of goods	18,828,268	19,355,760
	<u> </u>	<u> </u>

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019	2018
	£	£
Audit of these financial statements	41,300	40,500
Amounts receivable by the company's auditor and its associates in respect of:		
-Other services relating to taxation	26,429	18,755
	<u> </u>	<u> </u>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2019	2018
Distribution	16	15
Administration	4	4
	<hr/>	<hr/>
	20	19
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	855,837	783,480
Social security costs	62,649	62,854
Contributions to defined contribution plan	75,049	75,189
	<hr/>	<hr/>
	993,535	921,523
	<hr/>	<hr/>

5 Directors' Remuneration

	2019 £	2018 £
Directors' remuneration	214,505	188,926
Company contributions to money purchase pension plans	-	-
	<hr/>	<hr/>
	214,505	188,926
	<hr/>	<hr/>

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £	2018 £
<i>Current tax</i>		
Current tax on income for the period	58,451	60,845
Prior year adjustment	836	(1,488)
Total current tax	59,287	59,357
<i>Deferred tax (see note 11)</i>		
Origination and reversal of timing differences	(2,549)	(4,882)
Total deferred tax	(2,549)	(4,882)
Total tax	56,738	54,475

Analysis of current tax recognised in profit and loss

	2019 £	2018 £
UK corporation tax	56,584	58,136
Foreign tax	1,867	2,709
Adjustment in respect of prior years	836	(1,488)
Total current tax recognised in profit and loss	59,287	59,357

Reconciliation of effective tax rate

	2019 £	2018 £
Profit for the year	239,309	242,351
Total tax expense	56,738	54,475
Profit excluding taxation	296,047	296,826
Tax using the UK corporation tax rate of 19 % (2018 19%)	53,421	52,340
Tax using the IR corporation tax rate of 12.5% (2018 12.5%)	1,861	2,669
Capital Allowances in excess of depreciation for the year	2,849	5,430
Non-deductible expenses	320	406
Adjustment in previous years		(1,488)
Deferred-tax movements	(2,549)	(4,882)
Total tax expense included in profit or loss	56,738	54,475

Notes (continued)

Taxation (continued)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31st December 2019 has been calculated based on these rates.

7 Tangible Fixed Assets

	Leasehold Improvements £	Fixtures, fittings, tools and equipment £	Total £
Cost			
Balance at 1 January 2019	167,125	129,761	296,886
Acquisitions	-	9,967	9,967
Disposals	-	(3,520)	(3,520)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	167,125	136,208	303,333
	<hr/>	<hr/>	<hr/>
Depreciation			
Balance at 1 January 2019	114,874	124,914	239,788
Depreciation charge for the year	23,425	4,807	28,232
Disposals	-	(3,520)	(3,520)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	138,299	126,201	264,500
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2019	52,251	4,847	57,098
	<hr/>	<hr/>	<hr/>
At 31 December 2019	28,826	10,007	38,833
	<hr/>	<hr/>	<hr/>

8 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	171,642	193,354
	<hr/>	<hr/>
	171,642	193,354
	<hr/>	<hr/>

Notes (continued)

9 Debtors

	2019 £	2018 £
Trade debtors	2,356,829	2,201,573
Amounts owed by group undertakings	6,717	4,785
Other debtors	321,705	224,031
Prepayments and accrued income	100,645	136,914
	<u>2,783,696</u>	<u>2,567,303</u>

10 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	793,018	410,694
Amounts owed to group undertakings	824,741	816,872
Taxation and social security	31,458	34,152
Pensions and similar obligations	456	16,371
Accruals and deferred income	565,549	663,346
Corporation Tax	28,659	25,965
	<u>2,243,881</u>	<u>1,967,400</u>

11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £	2018 £	Liabilities 2019 £	2018 £	Net 2019 £	2018 £
Accelerated capital allowances	-	-	(6,616)	(11,498)	-	(11,498)
(Charged)/credited to the profit and loss account in the year	-	-	2,549	4,882	-	4,882
Net tax assets / (liabilities)	<u>-</u>	<u>-</u>	<u>(4,067)</u>	<u>(6,616)</u>	<u>-</u>	<u>(6,616)</u>

12 Pension Scheme

Defined contribution plan

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £75,049 (2018: £75,189). Outstanding employer contributions at year end amounted to £316 (2018: £8,214) within one year.

Notes (continued)

13 Capital and reserves

	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
145 ordinary shares of £10,000 each	1,450,000	1,450,000
	<hr/>	<hr/>
	1,450,000	1,450,000
	<hr/>	<hr/>

14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	£	£
Less than one year	146,342	138,352
Between one and five years	55,527	146,472
More than five years		
	<hr/>	<hr/>
	201,869	284,824
	<hr/>	<hr/>

During the year £144,004 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £126,762).

15 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Yakult Honsha Co, Ltd which is the ultimate parent company and incorporated in Japan.

The largest and smallest group in which the results of the company are consolidated is that headed by Yakult Honsha Co, Ltd incorporated in Japan. The consolidated financial statements of the group are available to the public and may be obtained from 1-19, Higashi, Shimbashi 1-chrome, Minato-ku, Tokyo 105-8660, Japan.