

## **Charles River Laboratories Holdings Limited**

### **Annual report and financial statements for the period ended 26 December 2020**

**Company Registration Number: 03894892**



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## **Charles River Laboratories Holdings Limited**

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## **Charles River Laboratories Holdings Limited**

### **Directors and advisors**

#### **Directors**

D R Smith

C Dunn

R Heneghan

#### **Company number**

03894892

#### **Registered Office**

Manston Road

Margate

Kent

CT9 4LT

#### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

## Charles River Laboratories Holdings Limited

### Strategic report for the period ended 26 December 2020

The directors present their strategic report on Charles River Laboratories Holdings Limited (the "Company") for the period ended 26 December 2020.

#### Principal Activities

The principal activity of the Company is that of a holding company.

#### Business performance and future outlook

The Company is a holding company and plans to remain so for the foreseeable future. During the year, the Company received dividends from its wholly owned subsidiaries of £1,500,000 (2019: £8,097,000) and recorded a loss before tax of £6,855,000 (2019: loss £14,246,000). The losses in the current year are a result of reduced dividends from subsidiary undertakings (2019: mainly the result of impairment of investments).

The directors have assessed the potential ongoing impact of COVID-19 pandemic on the business, and have concluded that given the nature of the business, the impact will be very limited, and it does not present any significant risk to the future performance of the business. Additionally, the impact to the company's subsidiaries is also not considered to be significant and is unlikely to impact their ability to pay dividends in the future, or result in any impairment of investment carrying value. In reaching these conclusions, the directors have carefully considered all available information, including actual results of the business and its subsidiaries for the first half of 2021, latest forecast results for the full year and beyond, overall expected impact to the market sectors in which the Company's subsidiaries operate, and general impacts to the global economy.

#### Review of financial position

The financial position for the Company as at the balance sheet date is set out on page 9. As at 26 December 2020, the Company had net liabilities of £3,268,000 (2019 net assets: £3,587,000) and cash of £607,000 (2019: £147,000).

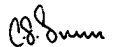
#### Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analyses using KPIs are not necessary for an understanding of the development, performance or position of the business.

#### Principal risks and uncertainties

The Company's activities do not expose it to any significant financial risks including cash flow risk, credit risk, liquidity risk and price risk, other than future dividend income from its subsidiary undertakings. The Company does not currently use derivative financial instruments.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
CC730D7B810C4A1...  
C Dunn  
Director

Registered Number: 03894892

15 September 2021

## **Charles River Laboratories Holdings Limited**

### **Directors' report for the period ended 26 December 2020**

The Directors present their annual report and the audited financial statements of the Company for the period ended 26 December 2020. The registered number of the company is 0394892.

#### **Directors**

The Directors who served throughout the year and up to the date of this report were as follows:

D Johst	(retired 20 May 2020)
D R Smith	
C Dunn	
S M Price	(appointed 20 May 2020, retired 1 January 2021)
R Heneghan	(appointed 1 January 2021)

#### **Dividends**

Interim dividends were not paid during the year. (2019: £3.26 per share were declared and paid amounting to £3,260,000). The Directors do not recommend payment of a final dividend.

#### **Business performance, future outlook and principal risks and uncertainties**

The results for the year are set out on in the income statement on page 7. The results for the year, future developments and principal risks and uncertainties have been discussed in the Strategic report on page 2.

#### **Going concern**

The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate since it has received an undertaking from Charles River Laboratories International Inc., its ultimate parent Company, that it will continue to provide financial support as is required for the Company to meet its obligations as they fall due for at least one year after these financial statements are approved. The directors have assessed the performance of the ultimate parent Company for the first half of 2021, finding its results and financial position to be strong, and therefore have concluded that they have no concerns regarding its ability to provide financial support if required. As discussed in the Strategic report, the impact of COVID-19 has not yet been and is not expected to be significant for the remainder of 2021.

As at 26 December 2020, the Company had net current liabilities of £5,456,000 (2019: £17,091,000). The liability position is mainly due to a short-term loan from a subsidiary company, which is expected to be repaid during 2021.

In April 2021, as part of a global project to refinance the Charles River group revolving credit facility, a bank loan facility was established, and a balance recognised through transfer of the liability from Charles River U.K. Limited. Consequently, intercompany loans receivable were also recognised through the transfer of the debts from other group companies. Charles River Laboratories Holdings Limited, is now the borrower on the GBP portion of the group revolving credit facility, and the primary intercompany GBP lender.

#### **Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Financial risk management**

The Directors of the ultimate parent undertaking, Charles River Laboratories International Inc., manage the Group's risk and performance. Details of the Group's financial risk management and performance are disclosed in the financial statements of Charles River Laboratories International Inc. which are publicly available. For this reason a discussion on the Company's risks has not been included by the Company's Directors.

#### **Report exemptions**

In preparing this report the directors have taken exemption s414c(11) under the Companies Act 2006 to present items within the Strategic Report that belong in the Directors Report.

## **Charles River Laboratories Holdings Limited**

### **Directors' report for the period ended 26 December 2020 (continued)**

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 the directors have prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and group 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.

#### **Directors' statement on disclosure of information to auditors**

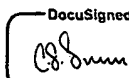
The directors who were members of the Board at the time of approving the directors' report are listed on page 4. Having made enquiries of fellow directors, each of these directors at the date of approval of this report confirms that:

- to the best of each directors' knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board on 15 September 2021 and signed on its behalf by:

DocuSigned by:  
  
CC730D7B810C4A1...  
C Dunn  
Director

# Independent auditors' report to the members of Charles River Laboratories Holdings Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Charles River Laboratories Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 26 December 2020 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 26 December 2020; the income statement, the statement comprehensive income, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does

not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 26 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law, UK tax legislation and Health and Safety laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting in appropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and deter irregularities;
- Review of board minutes;

- Challenging management on assumptions and judgements made in their significant accounting estimates;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

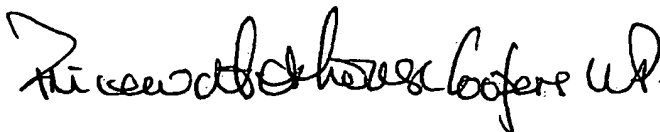
### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

The company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the auditor's name should not be stated



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
15 September 2021

## Charles River Laboratories Holdings Limited

### Income statement for the period ended 26 December 2020

	Note	2020 £'000	2019 £'000
Income from shares in group undertakings	4	1,500	8,097
<b>Operating profit</b>		<b>1,500</b>	<b>8,097</b>
Impairment of investment	4&6	-	(13,967)
Interest receivable and similar income	4	500	13
Interest payable and similar expenses	4	(8,855)	(8,389)
<b>Loss before taxation</b>	<b>4</b>	<b>(6,855)</b>	<b>(14,246)</b>
Tax on loss	5	-	(157)
<b>Loss for the financial year</b>		<b>(6,855)</b>	<b>(14,403)</b>

### Statement of comprehensive income for the period ended 26 December 2020

	2020 £'000	2019 £'000
<b>Loss for the financial year</b>	<b>(6,855)</b>	<b>(14,403)</b>
<b>Total comprehensive expense for the year</b>	<b>(6,855)</b>	<b>(14,403)</b>

All of the above results are derived from the continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

There is no material difference between the result before taxation and the results for the financial years as stated above, and their historical cost equivalents.

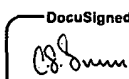
# Charles River Laboratories Holdings Limited

## Balance sheet as at 26 December 2020

			Restated*
	Note	26 December	28 December
		2020	2019
		£'000	£'000
<b>Fixed assets</b>			
Investments	6	233,000	243,602
		233,000	243,602
<b>Current assets</b>			
Debtors	7	17,366	5,231
Cash at bank and in hand		607	147
		17,973	5,378
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(23,429)	(22,469)
<b>Net current liabilities</b>		<b>(5,456)</b>	<b>(17,091)</b>
<b>Total assets less current liabilities</b>		<b>227,544</b>	<b>226,511</b>
Creditors: amounts falling due after more than one year	9	(230,812)	(222,924)
<b>Net (liabilities)/assets</b>		<b>(3,268)</b>	<b>3,587</b>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
(Accumulated losses)/retained earnings		(4,268)	2,587
<b>Total shareholders' (deficit)/funds</b>		<b>(3,268)</b>	<b>3,587</b>

\*Refer to note 15 for details of the restatement.

The financial statements on pages 8 to 22 were approved by the Board of Directors on 15 September 2021 and were signed on its behalf by:

DocuSigned by:  
  
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C Dunn  
 Director

Company Registration number: 03894892

## Charles River Laboratories Holdings Limited

### Statement of changes in equity for the period ended 26 December 2020

	Called up share capital £'000	Share Premium Account £'000	Capital contribution £'000	Retained earnings (accumulated losses) £'000	Total Shareholders' funds/(deficit) £'000
<b>Balance as at 29 December 2018</b>	1,000	-	-	20,250	21,250
Loss for the financial year	-	-	-	(14,403)	(14,403)
Total comprehensive expense for the year net of tax	-	-	-	(14,403)	(14,403)
Dividends	-	-	-	(3,260)	(3,260)
Total transactions with owners, recognised directly in equity	-	-	-	(3,260)	(3,260)
<b>Balance as at 28 December 2019</b>	1,000	-	-	2,587	3,587
Loss for the financial year	-	-	-	(6,855)	(6,855)
Total comprehensive expense for the year net of tax	-	-	-	(6,855)	(6,855)
<b>Balance as at 26 December 2020</b>	1,000	-	-	(4,268)	(3,268)

## **Charles River Laboratories Holdings Limited**

### **Notes to the annual report and financial statements for the period ended 26 December 2020 (Continued)**

#### **1 General information**

Charles River Laboratories Holdings Limited is a private Company limited by shares and is incorporated in England, in the United Kingdom. The address of its registered office is Manston Road Margate Kent CT9 4LT.

The principal activity of the Company is that of a holding company.

#### **2 Statement of compliance**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements cover the 52-week period beginning 29 December 2019 and ending 26 December 2020.

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom including FRS 102 on a basis consistent with the prior year.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' note.

##### **Accounting period**

The Company's accounting period is the 52 weeks (2019: 52 weeks) period ending on the last Saturday in December.

##### **Going concern**

The directors have prepared a business forecast which shows that they expect the Company to be able to meet its cash obligations as they fall due.

The forecast necessarily includes a number of assumptions; however, based on the directors' knowledge of the business and the Company's track record of successfully achieving its targets, they consider that the assumptions which underpin the forecast are realistic and achievable. As discussed in the Strategic report, and in the Directors' report, the directors have also considered, in great detail, the impact of COVID-19. In particular, the directors have assessed how COVID-19 is likely to affect the company's subsidiaries, their market sectors, customer base, and supply chain. They have prepared a detailed impact assessment of the potential risks, identified mitigating actions and controls, and established a continuity plan designed to ensure the groups continued ability to fulfil customer contracts. Furthermore, the directors have received an undertaking from Charles River Laboratories International Inc., its ultimate parent Company, that it will continue to provide financial support as is required for the Company to meet its obligations as they fall due for at least one year after these financial statements are approved. The directors have assessed the performance of the ultimate parent Company for the first half of 2021, finding its results and financial position to be strong, and therefore have concluded that they have no concerns regarding its ability to provide financial support if required.

## **Charles River Laboratories Holdings Limited**

### **Notes to the annual report and financial statements for the period ended 26 December 2020 (Continued)**

#### **1 . Summary of significant accounting policies (Continued)**

##### **Going concern (Continued)**

Consequently, based on all of the available evidence, the directors have a reasonable expectation that the Company has adequate financial resources to continue in existence for the foreseeable future, and they continue to adopt the going concern basis in preparing these financial statements.

##### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of The Charles River Laboratories International, Inc. which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions in its separate financial statements:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

##### **Consolidated financial statements**

The annual report and financial statements present information about the Company as an individual undertaking and not about its group. The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 as they are included in the consolidated financial statements of the ultimate parent Company, Charles River Laboratories International Inc. consolidated financial statements are publicly available.

##### **Foreign currency**

###### *i) Functional and presentation currency*

The Company's functional and presentation currency is the pound sterling.

###### *ii) Transaction 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 income statement.

## **Charles River Laboratories Holdings Limited**

### **Notes to the annual report and financial statements for the period ended 26 December 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **Income from shares in group undertakings**

Dividend income, from shares in group undertakings, is recognised when the Company has legal entitlement to the income.

##### **Distributions to equity holders**

Dividends are recorded in the financial statements once they have been authorised and the Company is committed to making the payment. Interim dividends are recorded when paid.

##### **Interest**

Interest payable on amounts owed to group undertakings is recognised on an accruals basis.

##### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### *i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted relative to the period end.

##### *ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the balance sheet date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### **Investments**

Investments are stated at cost less provision for accumulated impairment losses.

##### **Cash in hand and at bank**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

##### **Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *i) Financial assets*

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the period ended 26 December 2020 (Continued)

#### 3 Summary of significant accounting policies (Continued)

##### Financial instruments (Continued)

###### *i) Financial assets (Continued)*

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

###### *ii) Financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities that would have been derecognised under FRS 102 in a transaction that took place before the transition date, (but were not derecognised under existing UK GAAP) shall continue to be recognised until disposed of or settled.

The Company does not hold or issue any derivative financial instruments.

###### *iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **Charles River Laboratories Holdings Limited**

### **Notes to the annual report and financial statements for the period ended 26 December 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

##### **Critical accounting judgements and key source of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical accounting estimates of Charles River Laboratories Holdings Limited are:

##### **i) Carrying value of investments**

In order to satisfy the directors that the carrying value of the investments is satisfactory, an impairment review of the investments was undertaken. This compared discounted future expected cash flows from each of the investments against the carrying value, and any diminution of value was recorded as an impairment. In undertaking this task, directors relied upon business performance forecasts of the investments.

The Directors consider there to be no key judgements.

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

#### 4 Loss before taxation

Loss before taxation is stated after crediting/(charging):

	2020 £'000	2019 £'000
Interest receivable from group undertaking	500	13
Interest payable on amounts owed to group undertakings	(8,855)	(8,389)
Income from shares in group undertakings	1,500	8,097
Impairment of investments	-	(13,967)

#### Auditors' remuneration

Auditors' remuneration, in respect of audit services provided, of £14,853 (2019: £14,000) is borne by Charles River UK Limited, one of the Company's subsidiary undertakings. No recharge is made to this Company in respect of audit fees.

#### Staff costs

The Company had no employees during the year (2019: nil).

#### Directors' emoluments

The emoluments of the Directors are paid by the parent Company which makes no recharge to the Company. The Directors are also Directors of the parent Company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments (2019: £nil) in respect of the Directors. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of the parent Company.

#### 5 Tax on loss

##### (a) Analysis of tax in the year

	2020 £'000	2019 £'000
<b>Current tax:</b>	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	289
Adjustment in respect of previous periods	-	(101)
Effect of changes in tax rates	-	(30)
<b>Total deferred tax</b>	-	157
<b>Tax on loss</b>	-	157

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

#### 5 Tax on loss (continued)

##### (b) Factors affecting tax for the year

The tax charge assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the United Kingdom of 19.00% (2019: 19.00%).

The differences are explained below:

	2020 £'000	2019 £'000
<b>Loss before taxation</b>	(6,855)	(14,246)
Loss multiplied by the standard rate of corporation tax in the UK 19.00% (2019: 19.00%)	(1,303)	(2,707)
<b>Effects of:</b>		
<b>Current tax:</b>		
(Income)/Loss not subject to tax	466	1,115
Effects of group relief surrendered	837	1,880
Adjustment in respect of previous periods	-	(101)
Tax rate changes	-	(30)
<b>Total tax charge for the year</b>	-	157

##### (c) Factors affecting tax charge for future years

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

#### 6 Investments

	Investments in subsidiary companies £'000
<b>Cost</b>	
At 28 December 2019	331,189
Disposals	(10,602)
At 26 December 2020	<u>320,587</u>
<b>Provision for impairment</b>	
At 28 December 2019	(87,587)
Impairment charge in year	-
At 26 December 2020	<u>(87,587)</u>
<b>Net book value</b>	
At 26 December 2020	<u>233,000</u>
At 28 December 2019	<u>243,602</u>

During the year, the company sold 100% of the shares in Celsis Limited to its fellow subsidiary Celsis Group Limited at cost, with no gain or loss, through a sale and purchase agreement.

Following the year-end, the Company has performed a review of the carrying value of its investments compared with the discounted net present value of expected future cash flows from each investment. As a result, the Company has concluded that there is no impairment required for any of the investments held at 26 December 2020.

Charles River Laboratories Holdings Limited directly or indirectly owns share capital in the following subsidiary undertakings.

Name of company	Country of incorporation and principal operations	Registered address	Principal activities during the year	Description of shares held	Interest	Holding
Charles River Laboratories Saint-Constant S.A	Canada	324 Rang St Regis Nord, St Constant, PQ, J5A 2E&	Operating entity	Cn \$1 ordinary shares	100%	Direct
Charles River U.K. Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Operating entity	£1 ordinary shares	100%	Direct
Argenta Discovery 2009 Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Operating entity	£1 ordinary shares	100%	Indirect
Biofocus DPI (Holdings) Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Holding Company	£1 ordinary shares	100%	Direct
Celsis Group Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Holding Company	£1 ordinary shares	100%	Direct

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

#### 6 Investments (continued)

Name of company	Country of incorporation and principal operations	Registered address	Principal activities during the year	Description of shares held	Interest	Holding
Charles River Deteccao Microbiannae de Endotoxina Participacoes Ltd	Brazil	Rua George Ohm, No 230, LWM Corporate Center Building, Suites 31A and 32A, Cidade Mocoos, Sao Paulo, 04576-020, Brazil	Operating entity	R\$1 ordinary shares	1%	Direct
Beijing Vital River Laboratory Animal Technology Co., Ltd.	China	Floor 4, Sangpu Plaza, No. 10 Dayangfang, Beiyuan Road, Chaoyang District, Beijing, 102211, China.	Operating entity	RMB 1 ordinary shares	92%	Indirect
Hainan New Source Biotech Co., Ltd	China	Julong, Xianmin Village, Jiazi Town, Qiongzhan District, Haikou City, Hainan Province, 570105, China.	Operating entity	RMB 1 ordinary shares	80%	Indirect
Charles River Discovery Research Services U.K. Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Operating entity	£1 ordinary shares	100%	Indirect
Celsis International Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Holding Company	£1 ordinary shares	100%	Direct
Nastor Investments Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Holding Company	£1 ordinary shares	100%	Direct
KWS Biotest Limited	United Kingdom	4 Clifton Road, Bristol, BS8 1AG	Operating entity	£1 ordinary shares	100%	Indirect
Celsis Limited	United Kingdom	Manston Road, Margate, Kent, CT9 4LT	Operating entity	£1 ordinary shares	100%	Indirect

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

#### 7 Debtors

##### Amounts falling due within one year:

	2020 £'000	2019 £'000
Amounts owed by group undertakings	1,031	531
	1,031	531

##### Amounts falling due after more than one year:

	2020 £'000	2019 £'000
Amounts owed by group undertakings	16,335	4,700
	16,335	4,700
Total debtors	17,366	5,231

The amounts owed by group undertakings falling due after more than one year represents loans receivable totaling £16,335,000 (2019: £4,700,000) which bear interest at the floating rate of LIBOR plus 0.25% and are due for repayment within 5 years from the dates of first utilization, which range between 25 September 2019 and 21 December 2020. The amounts falling due within one year represent trade balances, are unsecured, interest free, have no fixed date of repayment.

#### 8 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	21,500	21,500
Other creditors	1,929	969
	23,429	22,469

The amounts owed to group undertakings of £21,500,000 has a current repayment date of 18 September 2021, with an automatic rolling extension of 90 days if not repaid by the maturity date. The loan incurs interest at a floating rate of LIBOR plus 0.25%. This is considered to be reflective of market rates at time of inception. The other creditors are unsecured, and do not incur interest.

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

#### 9 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	230,812	222,924
	230,812	222,924

The loans owed to group undertakings are unsecured and incur interest either at a fixed rate of 4.6% or a floating rate of one-month LIBOR plus 0.25%, with maturity dates of March and December 2024. The rates applicable are considered to be reflective of market rates at time of inception.

#### 10 Called up share capital

	2020 £'000	2019 £'000
<b>Issued and fully paid</b>		
1,000,000 ordinary shares of £1 each (2019: 1,000,000)	1,000	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

#### 11 Dividends paid

During the year, the company did not declare or pay any interim dividends (2019: £3,260,000). The Directors do not propose payment of a final dividend.

#### 12 Events after the end of the reporting period

##### Group revolving credit facility

In April 2021, as part of a global project to refinance the Charles River group revolving credit facility, a bank loan facility was established, and a balance recognised through transfer of the liability from Charles River U.K. Limited. Consequently, intercompany loans receivable were also recognised through the transfer of the debts from other group companies. Charles River Laboratories Holdings Limited, is now the borrower on the GBP portion of the group revolving credit facility, and the primary intercompany GBP lender.

#### 13 Related party transactions

The Company and group have taken advantage of the exemption contained in paragraph 33.1A of FRS 102 "Related party transactions" not to disclose transactions or balances with wholly owned group companies as it is a wholly owned subsidiary of Charles River Laboratories International Inc., whose consolidated financial statements are publicly available. There are no other transactions which require disclosure.

#### 14 Immediate and ultimate parent Company

The immediate parent Company is Charles River Nederland BV, a Company incorporated in Netherlands. The ultimate parent Company of the group remains Charles River Laboratories International Inc. the largest group of which the Company is a member and for which group financial statements are prepared. Copies of the group financial statements can be obtained from Charles River Laboratories International Inc., 251 Ballardvale Street, Wilmington, Massachusetts, USA. The ultimate controlling party is considered to be Charles River Laboratories International Inc. which is listed on the New York Stock Exchange.

## Charles River Laboratories Holdings Limited

### Notes to the annual report and financial statements for the year ended 26 December 2020 (Continued)

15	Balance Sheet Restatement	Note	Originally stated 28 December 2019 £'000	Restated 28 December 2019 £'000
<b>Fixed assets</b>				
	Debtors due after more than one year	7	4,700	-
			4,700	-
<b>Current assets</b>				
	Debtors	7	531	5,231
			531	5,231
	Total Debtors		5,231	5,231

In accordance with FRS 102 section 4.4a, debtors due after more than one year as at 28 December 2019 have been restated from fixed assets to current assets. The amount due after more than one year is disclosed within the debtors note at note 7. The impact on total assets after the restatement is nil.