

**Kobayashi Healthcare  
Europe Limited**

Report and Financial Statements  
for the year ended 31 December 2020



## KOBAYASHI HEALTHCARE EUROPE LIMITED

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<b>Directors</b>	K Miyanishi T Yagi
<b>Company Secretary</b>	T Yagi
<b>Registered Office</b>	114 Power Road Chiswick London W4 5PY
<b>Auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Registered Number</b>	04179148

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**DIRECTORS' REPORT**

The directors present their report and the financial statements of Kobayashi Healthcare Europe Limited for the year ended 31 December 2020.

**Principal activities and business review**

The principal activity of the company during the year was the import, marketing and sale of healthcare products.

Revenue for the year showed a decrease from 2019 to £9,598,221, a decrease of 17%. In-store sales reduced during the year due to COVID-19, however online sales increased.

Overall there was a profit for the year of £891,477 (2019: £924,088); the directors are looking for improvements for 2021.

**Results and dividends**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The directors do not recommend a dividend.

**Directors**

The following directors have held office during the year:

K Miyanishi  
T Yagi

Neither of the directors had any beneficial interest in the shares of the company at any time during the year.

**Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The directors have opted to prepare financial statements for the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS"). Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006. Under company law the directors must not approve the financial statements unless they give a true and fair view of the state of the company's affairs and its profit or loss for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Directors are also required to:

- select suitable accounting policies, as described on pages 11 to 15, and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when the compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

KOBAYASHI HEALTHCARE EUROPE LIMITED

**DIRECTORS' REPORT** *(continued)*

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The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

**Information to auditors**

In so far as each of the persons who is a director at the date of signing this report is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

**Auditors**

Rees Pollock have expressed their willingness to continue as auditors.

**Small company provision**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

BY ORDER OF THE BOARD



T Yagi  
*Director*  
25 January 2021

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOBAYASHI HEALTHCARE EUROPE LIMITED**

### **Opinion**

We have audited the financial statements of Kobayashi Healthcare Europe Limited for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOBAYASHI HEALTHCARE EUROPE LIMITED**

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors report.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act, tax legislation, general product safety regulations and employment legislation.

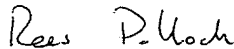
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KOBAYASHI HEALTHCARE EUROPE LIMITED**

A particular focus area included the risk of fraud through management override of controls, and manipulation of the stock provision. Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and, in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities). This description forms part of our auditor's report.

**Use of our report**

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 auditors' 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.



Andrew Snook (Senior statutory auditor)  
for and on behalf of  
Rees Pollock  
Chartered Accountants  
Statutory Auditor

35 New Bridge Street  
London  
EC4V 6BW  
25 January 2021

**KOBAYASHI HEALTHCARE EUROPE LIMITED****STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>REVENUE – continuing operations</b>	<b>2</b>	9,598,221	11,513,530
Cost of sales		<u>(6,201,320)</u>	<u>(7,249,087)</u>
<b>GROSS PROFIT</b>		3,396,901	4,264,443
Distribution costs		(467,663)	(497,619)
Administrative expenses		<u>(1,904,433)</u>	<u>(2,755,012)</u>
<b>OPERATING PROFIT</b>	<b>4</b>	1,024,805	1,011,812
Foreign exchange gain/(loss)		(34,016)	(123,443)
Other income		–	35,552
Gain on disposal		–	167
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		990,789	924,088
Taxation	<b>7</b>	<u>(99,312)</u>	<u>–</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>891,477</u>	<u>924,088</u>
Attributable to equity holders		<u>891,477</u>	<u>924,088</u>

The notes on pages 11 to 19 form part of these financial statements



**BALANCE SHEET**

at 31 December 2019

	Note	2020 £	2019 £
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	336,202	482,182
<b>CURRENT ASSETS</b>			
Inventory	9	1,676,582	1,226,294
Trade and other receivables	10	2,931,909	3,097,020
Cash at bank		4,893,751	4,030,651
		<u>9,502,242</u>	<u>8,353,965</u>
Total assets		<u>9,838,444</u>	<u>8,836,147</u>
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities	11	209,826	321,103
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	2,718,264	2,496,167
Total liabilities		<u>2,928,090</u>	<u>2,817,270</u>
<b>NET ASSETS</b>		<u>6,910,354</u>	<u>6,018,877</u>
<b>EQUITY</b>			
Share capital	13	14,081	14,081
Share premium account		8,434,519	8,434,519
Profit and loss account		(1,538,246)	(2,429,723)
Total equity		<u>6,910,354</u>	<u>6,018,877</u>

The financial statements were approved and authorised for issue by the Board on 25 January 2021 and signed on its behalf by



T Yagi  
Director

**KOBAYASHI HEALTHCARE EUROPE LIMITED****STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2020

	<b>Share capital</b>	<b>Share premium</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2019</b>	14,081	8,434,519	(3,353,811)	5,094,789
Profit for the year	–	–	924,088	924,088
<b>At 31 December 2019</b>	<u>14,081</u>	<u>8,434,519</u>	<u>(2,429,723)</u>	<u>6,018,877</u>
<b>At 1 January 2020</b>	14,081	8,434,519	(2,429,723)	6,018,877
Profit for the year	–	–	891,477	891,477
<b>At 31 December 2020</b>	<u>14,081</u>	<u>8,434,519</u>	<u>(1,538,246)</u>	<u>6,910,354</u>

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the value of shares issued over the nominal value of the shares net of share issue expenses.

**KOBAYASHI HEALTHCARE EUROPE LIMITED****STATEMENT OF CASHFLOWS**

for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flows from operating activities	14	863,100	1,539,194
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		—	(104,040)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>863,100</u>	<u>1,435,154</u>
Cash and cash equivalents at 1 January 2020		<u>4,030,651</u>	<u>2,595,497</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2020</b>		<u><u>4,893,751</u></u>	<u><u>4,030,651</u></u>

The notes on pages 11 to 19 form part of these financial statements

## KOBAYASHI HEALTHCARE EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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#### 1. GENERAL INFORMATION

Kobayashi Healthcare Europe Limited is a company incorporated in the UK and registered in England & Wales. The address of the registered office is disclosed on the opening page of these financial statements. The principal activities of the company are described in the directors' report. The registered number of the company is 04179148. The functional and presentational currency is £ sterling.

#### 2. ACCOUNTING POLICIES

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

The company has prepared the financial statements on the basis of all applicable International Financial Reporting Standards (IFRS), including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 January 2020, together with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies, which have been consistently applied throughout the period presented, are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Further details in respect to these estimates and judgements are detailed in note 2(c).

##### **(a) Standards, interpretations and amendments to published standards adopted during the year**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2020 that would be expected to have a material impact on the company.

##### **(b) Standards, amendments and interpretations to published standards that are not yet effective**

A number of new standards, amendments and interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 31 December 2020 or later periods but which the company has not adopted early. None of these are relevant to the company's circumstances.

**Going concern**

The financial statements have been prepared on a going concern basis which the directors continue to believe to be appropriate. The company is financed by its parent company, Kobayashi Pharmaceutical Company Limited, in the form of equity.

Kobayashi Pharmaceutical Company Limited will continue to make available any financing needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Whilst impacted to a degree by COVID-19, the company has been able to trade throughout the pandemic. The overall effect is not considered to create an additional material risk to going concern.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**Revenue recognition**

Revenue represents the amounts (excluding value added tax and net of trade discounts, promotions and commissions) derived from the provision of healthcare goods to retail outlet customers. Revenue is recognised upon delivery of the healthcare goods to the customer.

**Operating profit**

Operating profit is stated after charging directors' emoluments but before finance income and costs.

**Foreign exchange gains and losses**

Foreign exchange gains and losses predominantly arise from buying stock from overseas related parties. These are reported after operating profits and losses.

**Operating leases**

In previous years, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

On the adoption of IFRS 16 in the prior year, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 0.75%.

### **Taxation**

The taxation charge is based on the profit for the period and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where it is otherwise required by accounting standards, full provision is made for temporary timing differences which have arisen but not yet reversed at the balance sheet date. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date and is based on the financial statements.

### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and that the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of tangible fixed assets to their residual values over their useful economic lives, as follows:

Fixtures & fittings	–	3-5 years straight line
Motor vehicles	–	3-5 years straight line
Equipment	–	3-5 years straight line
Leasehold improvements	–	5 years straight line
Right-of-use assets	–	straight line over the life of the lease

The residual values and useful economic lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised within other gains or losses in the income statement.

### **Inventory**

Inventory is stated at the lower of cost incurred in bringing the product to its present location and condition and net realisable value. In determining the cost of goods purchased for resale, the First-In First-Out (FIFO) basis is used.

### **Cash and cash equivalents**

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

### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of Value Added Tax, from the proceeds.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Pensions**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Advertising expenditure**

Expenditure on advertising is capitalised in other debtors until the commencement of the advertising activities, at which time it is written off to administrative expenses in the profit and loss account.

**(c) Judgments in applying accounting policies and key sources of estimation uncertainty**

The inventory balance included in note 9 is net of a stock provision balance of £176,246 (2019: £82,826). In determining the stock provision balance the directors apply judgement in relation to any slow moving stock lines, stock lines that have been discontinued and the impact of any regulatory changes, for example the potential effect of Brexit on packaging.

**3. FINANCIAL RISK MANAGEMENT**

**(a) Financial risk management objectives and policies**

The company's financial risk management policy is to ensure that adequate financial resources are available for the development of the company's operations whilst managing its financial risks, including interest rate risk, market risk, credit risk, liquidity risk, price risk and cash flow risk.

**(b) Credit risk**

The company's exposure to credit risk arises mainly from receivables and cash holdings. Receivables are monitored on an ongoing basis via management reporting procedures and action is taken to recover debts when due. The company's cash holdings are all held with major financial institutions whose financial status is regularly reviewed.

## KOBAYASHI HEALTHCARE EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

As at 31 December 2020 the company held £2,814,768 (2019: £3,001,661) within trade receivables.

#### (c) Foreign currency exchange risk

The company operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the Yen. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

#### (d) Liquidity and cash flow risks

The company also maintains a certain level of cash, or available overdraft facility, to meet its working capital requirements.

As at 31 December 2020 the company held a cash balance of £4,893,751, which the directors believe is sufficient to cover any working capital requirements.

#### (e) Market risk

The entity considers that it only operates in one main market and therefore does not consider that a sensitivity analysis between markets is appropriate.

#### (f) Fair values

The aggregate fair values of all financial assets and liabilities are consistent with their carrying values.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) The carrying amounts of cash and cash equivalents, trade and other receivables/payables approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) The values of assets held for trading are determined either from quoted market prices for listed investments or from recent trading prices for unquoted investments.

## 4. OPERATING PROFIT

	2020	2019
	£	£
Operating profit is stated after charging:		
Depreciation of owned fixed assets	25,919	18,653
Depreciation of right-of-use assets	120,061	83,578
Auditors' remuneration – as auditors	17,700	12,800
– for other services	11,025	13,920
Operating lease rentals – land and buildings	–	–
– other	–	15
Marketing and advertising	312,312	911,636
	<u>312,312</u>	<u>911,636</u>



**KOBAYASHI HEALTHCARE EUROPE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020

**5. PARTICULARS OF EMPLOYEES**

The average number of people (including directors) employed by the Company during the financial year was:

	2020	2019
	No.	No.
Number of management staff	11	9

	2020	2019
	£	£
The aggregate payroll costs of staff (including directors) were:		
Wages and salaries	657,453	600,507
Social security costs	46,176	32,339
Pension contributions	20,665	16,201
	<u>724,294</u>	<u>649,047</u>

**6. DIRECTORS' EMOLUMENTS**

	2020	2019
	£	£
Directors' emoluments were:		
Salaries and benefits	<u>316,721</u>	<u>287,714</u>

The highest paid director received remuneration of £316,721 (2019: £287,714).

**7. TAXATION ON ORDINARY ACTIVITIES****Factors affecting the tax charge for the year**

The tax assessed differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before taxation	<u>990,789</u>	<u>924,088</u>
Profit on ordinary activities multiplied by tax rate of 19% (2019: 19%)	188,250	175,577
Expenses not deductible for tax purposes	1,531	12,359
Timing differences on non-current assets	3,665	(10,860)
Movement in tax losses	(87,284)	(177,076)
Other movements	(6,850)	-
Total tax	<u>99,312</u>	<u>-</u>

**KOBAYASHI HEALTHCARE EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020

**8. PROPERTY PLANT & EQUIPMENT**

	Fixtures & fittings £	Motor vehicles £	Equipment £	Leasehold improvements £	Right of use assets £	Total £
<b>Cost</b>						
At 1 January 2019	10,221	20,748	39,594	–	–	70,563
Additions	21,556	–	10,034	72,449	469,414	573,453
Disposals	(7,398)	(20,748)	(7,784)	–	–	(35,930)
At 1 January 2020	<u>24,379</u>	<u>–</u>	<u>41,844</u>	<u>72,449</u>	<u>469,414</u>	<u>608,086</u>
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
At 31 December 2020	<u>24,379</u>	<u>–</u>	<u>41,844</u>	<u>72,449</u>	<u>469,414</u>	<u>608,086</u>
<b>Depreciation</b>						
At 1 January 2019	9,292	20,748	29,563	–	–	59,603
Charge for the period	3,101	–	7,696	7,856	83,578	102,231
Depreciation on disposals	(7,398)	(20,748)	(7,784)	–	–	(35,930)
At 1 January 2020	<u>4,995</u>	<u>–</u>	<u>29,475</u>	<u>7,856</u>	<u>83,578</u>	<u>125,904</u>
Charge for period	4,654	–	6,775	14,490	120,061	145,980
At 31 December 2020	<u>9,649</u>	<u>–</u>	<u>36,250</u>	<u>22,346</u>	<u>203,639</u>	<u>271,884</u>
<b>Net book value</b>						
At 31 December 2020	<u>14,730</u>	<u>–</u>	<u>5,594</u>	<u>50,103</u>	<u>265,775</u>	<u>336,202</u>
At 31 December 2019	<u>19,384</u>	<u>–</u>	<u>12,369</u>	<u>64,593</u>	<u>385,836</u>	<u>482,182</u>

**9. INVENTORY**

	2020 £	2019 £
Finished goods	<u>1,676,582</u>	<u>1,226,294</u>

Inventories recognised in cost of sales during the year as an expense amounted to £6,111,399 (2019: £7,162,762).

The balance above is net of a stock provision of £176,246 (2019: £86,325).

**KOBAYASHI HEALTHCARE EUROPE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020

**10. TRADE AND OTHER RECEIVABLES**

	2020	2019
	£	£
Trade receivables	2,814,768	3,001,661
Other receivables	36,342	33,571
Prepayments and accrued income	80,799	61,788
	<u>2,931,909</u>	<u>3,097,020</u>

**11. TRADE AND OTHER PAYABLES**

Amounts falling due within one year:

	2020	2019
	£	£
Trade payables	118,695	285,410
Amounts owed to group undertakings	825,824	866,444
Other taxation and social security	298,660	189,511
Lease liabilities	97,710	108,390
Accruals and provisions	1,274,112	1,043,452
Corporation tax	99,312	—
Other creditors	3,951	2,960
	<u>2,718,264</u>	<u>2,496,167</u>

Amounts falling due after more than one year:

	2020	2019
	£	£
Lease liabilities	<u>209,826</u>	<u>321,103</u>

Amounts owed to group undertakings are disclosed in note 15.

**12. DEFERRED TAXATION**

At 31 December 2020 the Company had deferred tax liabilities of £7,270 (2019: assets of £76,349). The assets were not recognised in the prior year due to uncertainties as to the extent and timing of their future recovery.

**Unprovided deferred tax assets and liabilities**

	2020	2019
	£	£
<b>Assets:</b>		
Taxation allowances lower than depreciation of non-current assets	(8,924)	(12,589)
Tax losses available	1,654	88,938
	<u>(7,270)</u>	<u>76,349</u>

**KOBAYASHI HEALTHCARE EUROPE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2020

**13. SHARE CAPITAL**

	2020		2019	
Authorised	No.	£	No.	£
Ordinary shares of £1 each	<u>14,081</u>	<u>14,081</u>	<u>14,081</u>	<u>14,081</u>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	<u>14,081</u>	<u>14,081</u>	<u>14,081</u>	<u>14,081</u>

**14. NOTES TO THE CASH FLOW STATEMENT**

	2020	2019
	£	£
<b>Cash flows from operating activities</b>		
Profit before taxation	990,789	924,088
Adjustments for:		
Depreciation	145,980	102,231
Taxation	(99,312)	–
Operating cash flows before movements in working capital	<u>1,037,457</u>	<u>1,026,319</u>
(Increase)/Decrease in inventories	(450,288)	381,176
Decrease/(Increase) in trade and other receivables	165,111	(325,427)
Increase in trade and other payables	<u>110,820</u>	<u>457,126</u>
Cash used in operating activities	<u>863,100</u>	<u>1,539,194</u>

**15. RELATED PARTY TRANSACTIONS**

During the year the company purchased goods from Kobayashi Pharmaceutical Co Limited, its parent company. Each entity also recharged any expenses paid on the other's behalf. During the year goods and services totalling £1,573,472 (2019: £1,756,851) were invoiced by Kobayashi Pharmaceutical Co Limited to the company; at the year end, £362,730 (2019: £316,023) was due to Kobayashi Pharmaceutical Co Limited.

Additionally, the company purchased goods totalling £122,220 (2019: £233,444) from Kobayashi Pharmaceutical (China) Co. Limited, goods totalling £128,636 (2019: £229,048) from Kobayashi International (formerly Heatmax Inc), and goods totalling £4,318,342 (2019: £4,317,942) from Hefei Kobayashi Daily Products Co., Limited. The company and these three entities are under common control. At the year end, £nil (2019: £nil) was due to Kobayashi Pharmaceutical (China) Co. Limited, £nil (2019: £nil) was due to Kobayashi International, and £448,027 (2019: £525,503) was due to Hefei Kobayashi Daily Products Co., Limited.

**16. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate parent company is Kobayashi Pharmaceutical Co Limited, incorporated in Japan. The consolidated financial statements of this company are available to the public and may be obtained from 4-10, Doshomachi 4 chome, Chuo-ku, Osaka 541-0045, Japan.