

Yakult UK Limited

Annual report and financial statements

Registered number 03087710

31 December 2016



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Strategic Report

The Directors present their Strategic report and financial statements for the year ended 31 December 2016.

Principal activities

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

Business Review

The results for the year ended 31 December 2016 are set out on page 7. The profit before taxation for the year was £302,607 (2015: £257,418). The key indicator of "Bottles per day" sold exceeded the budget for the year, resulting in the turnover increasing from £17.1m in 2015 to £17.7m in 2016.

The Active Health Drink category, in which Yakult sits, showed slight growth to £193.6m for the UK by the end of December 2016 (2015: £188.3m). This compares to flat growth in the previous year.

Yakult's UK market share of the category remained constant at 12% (2015: 12 %) in value terms.

Yakult has a branch in Ireland and the Irish AHD category saw another year of reduction by 9.8% to €18.5m (2015: €20.5m), however Yakult's market share in Ireland increased to 7.4% (2015: 6.7 %) in value terms.

Principal Risks and Uncertainties

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

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

Yakult does not price promote, and differentiates itself from other brands in the category using various communication channels, focusing for example on focused direct face to face messaging activities based on our scientific heritage. Late 2016 saw a renewed push on the messaging based on scientific heritage which is translating into higher sales.

The Company is expecting a modest improvement in economic conditions for 2017. This is despite the immediate uncertainties relating to the UK's withdrawal from the European Union (Brexit) and the wider impact on the world economy from a developing protectionist shift in sentiment in the US. A stronger economy is a prerequisite for consumer confidence to return to the AHD category.

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

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

Financial Risks

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

The Company had net cash of £1,858,377 (2015: £2,415,747) at the balance sheet date. Operational needs are financed out of these deposits and operational cash flow. Surplus cash is placed on short term deposit at market rates. Interest receivable continues to be low in the current economic climate.

Strategic Report (continued)

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

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

Average debtor days stand at 46 (2015: 46). The majority of the customer base is with the major retailers who make regular payments on a monthly basis and in some cases weekly. Bad debt risk is considered to be low.

By order of the board



H. Matsubara
Director

Anteros
Odyssey Business Park
West End Road
Ruislip
HA4 6QQ

17 March 2017

Directors' report

Dividend

The Directors paid a Dividend of 6,896.56p per share (2015: £nil).

Directors

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

H Matsubara
Dr T Sako
H Narita
Y Kawabata

Employees

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

Political contributions

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

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


H. Matsubara
Director

Anteros
Odyssey Business Park
West End Road
Ruislip
HA4 6QQ

17 March 2017

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (Generally Accepted Accounting Practice), including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP
15 Canada Square
London
E14 5GL

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

We have audited the financial statements of Yakult UK Limited for the year ended 31 December 2016 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and.
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



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

20 March 2017

Profit and Loss Account and Other Comprehensive Income

For the year ended 31/12/2016

	Note	2016 £	2015 £
Turnover	2	17,710,693	17,105,273
Cost of sales		(9,798,024)	(9,558,767)
Gross profit		7,912,669	7,546,506
Distribution costs		(916,849)	(884,930)
Administrative expenses		(6,697,708)	(6,408,430)
Operating profit		298,112	253,146
Other interest receivable and similar income		4,495	4,272
Profit before taxation		302,607	257,418
Tax on profit on ordinary activities	6	(53,423)	(63,459)
Profit for the financial year		249,184	193,959

All activities are classed as continuing.

Other Comprehensive Income

For the year ended 31/12/2016

	2016 £	2015 £
Profit for the year	249,184	193,959
Other comprehensive income	-	-
Total comprehensive income for the year	249,184	193,959

Notes on pages 10 to 18 form an integral part of financial statements

Balance Sheet

As at 31/12/2016

	<i>Note</i>	2016	2016	2015	2015
Fixed assets		£	£	£	£
Tangible assets	7		115,411		157,857
Current assets					
Stocks	8	119,346		157,012	
Debtors	9	2,363,574		2,283,477	
Cash at bank and in hand		1,858,377		2,415,747	
		<u>4,341,297</u>		<u>4,856,236</u>	
Creditors: amounts falling due within one year	10	<u>(1,904,224)</u>		<u>(1,700,224)</u>	
Net current assets			<u>2,437,073</u>		<u>3,156,012</u>
Total assets less current liabilities			<u>2,552,484</u>		<u>3,313,869</u>
Provisions for liabilities					
Deferred tax liability	11	(16,120)		(25,659)	
Pensions and similar obligations	12	<u>(6,427)</u>		<u>(7,456)</u>	
			<u>(22,547)</u>		<u>(33,115)</u>
Net assets			<u>2,529,937</u>		<u>3,280,754</u>
Capital and reserves					
Called up share capital	13		1,450,000		1,450,000
Profit and loss account			<u>1,079,937</u>		<u>1,830,754</u>
Shareholders' funds			<u>2,529,937</u>		<u>3,280,754</u>

These financial statements were approved by the board of Directors on 7 March 2017 and were signed on its behalf by:



H. Matsubara
Director

Company registered number: 03087710

Notes on pages 10 to 18 form an integral part of financial statements

Statement of Changes in Equity

	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2015	1,450,000	1,636,795	3,086,795
Total comprehensive income for the period	-	193,959	193,959
Balance at 31 December 2015	1,450,000	1,830,754	3,280,754

	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2016	1,450,000	1,830,754	3,280,754
Total comprehensive income for the period	-	249,184	249,184
Dividend Paid in the year (Note 14)	-	(1,000,001)	(1,000,001)
Balance at 31 December 2016	1,450,000	1,079,937	2,529,937

Notes on pages 10 to 18 form an integral part of financial statements

Notes

(Forming part of the financial statements)

1 Accounting policies

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

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

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

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

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

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis

1.2 Going Concern

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

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

1.3 Foreign currency

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

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

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

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances

1.5 Tangible fixed assets

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

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

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

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

- Leasehold improvements over the shorter of 5 years and the life of the lease
- Fixtures and fittings over 3 to 5 years

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

1.6 Stocks

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

Notes (continued)

1 Accounting policies (continued)

1.7 Employee benefits

Defined contribution plans and other long term employee benefits

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

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

1.8 Turnover

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

1.9 Expenses

Operating lease

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

Interest receivable and Interest payable

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

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

Notes (continued)

1 Accounting policies (continued)

1.10 Taxation

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

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

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

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

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

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

2 Turnover

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

	2016 £	2015 £
Sale of goods	17,710,693	17,105,273

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £	2015 £
Audit of these financial statements	38,500	39,000
Amounts receivable by the company's auditor and its associates in respect of: -Other services relating to taxation	21,468	13,302

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2016	2015
Distribution	14	14
Administration	5	6
	<hr/>	<hr/>
	19	20
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£	£
Wages and salaries	870,024	936,476
Social security costs	88,846	88,593
Contributions to defined contribution plan	95,536	91,982
	<hr/>	<hr/>
	1,054,406	1,117,051
	<hr/>	<hr/>

5 Directors' Remuneration

	2016	2015
	£	£
Directors' remuneration	154,965	141,670
Company contributions to money purchase pension plans	35,925	28,910
	<hr/>	<hr/>
	190,890	170,580
	<hr/>	<hr/>

Notes (continued)

6 Taxation

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

	2016	2015
	£	£
<i>Current tax</i>		
Current tax on income for the period	62,962	67,008
Total current tax	62,962	67,008
<i>Deferred tax (see note 11)</i>		
Origination and reversal of timing differences	(9,539)	(3,549)
Total deferred tax	(9,539)	(3,549)
Total tax	53,423	63,459

Analysis of current tax recognised in profit and loss

	2016	2015
	£	£
UK corporation tax	71,378	60,165
Double taxation relief	(5,415)	(2,244)
Foreign tax	5,415	2,244
Adjustment in respect of prior years	(8,416)	6,843
Total current tax recognised in profit and loss	62,962	67,008

Reconciliation of effective tax rate

	2016	2015
	£	£
Profit for the year	249,184	193,959
Total tax expense	53,423	63,459
Profit excluding taxation	302,607	257,418
Tax using the UK corporation tax rate of 20 % (2015: 20.25 %)	60,523	52,129
Capital Allowances in excess of depreciation for the year	9,676	3,236
Non-deductible expenses	1,179	4,800
Adjustment in respect of prior years	(8,416)	6,843
Deferred tax movement	(9,539)	(3,549)
Total tax expense included in profit or loss	53,423	63,459

Notes (continued)

Taxation (continued)

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

7 Tangible fixed assets

	Leasehold Improvements £	Fixtures, fittings, tools and equipment £	Total £
Cost			
Balance at 1 January 2016	167,125	153,633	320,758
Acquisitions	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	167,125	153,633	320,758
	<hr/>	<hr/>	<hr/>
Depreciation			
Balance at 1 January 2016	42,246	120,655	162,901
Depreciation charge for the year	25,864	16,582	42,445
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	68,110	137,236	205,346
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2016	124,879	32,978	157,857
	<hr/>	<hr/>	<hr/>
At 31 December 2016	99,015	16,396	115,411
	<hr/>	<hr/>	<hr/>

8 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	119,346	157,012
	<hr/>	<hr/>
	119,346	157,012
	<hr/>	<hr/>

Notes (continued)

9 Debtors

	2016 £	2015 £
Trade debtors	2,231,102	2,162,885
Amounts owed by group undertakings	7,809	50
Other debtors	62,288	66,888
Prepayments and accrued income	62,375	53,654
	<u>2,363,574</u>	<u>2,283,477</u>

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	345,340	231,279
Amounts owed to group undertakings	1,083,549	1,013,128
Taxation and social security	28,798	32,318
Accruals and deferred income	407,714	390,445
Corporation Tax	38,823	33,054
	<u>1,904,224</u>	<u>1,700,224</u>

11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £	2015 £	Liabilities 2016 £	2015 £	Net 2016 £	2015 £
Accelerated capital allowances	-	-	(25,659)	(29,208)	(25,659)	(29,208)
(Charged)/credited to the profit and loss account in the year	-	-	9,539	3,549	9,539	3,549
Net tax assets / (liabilities)	<u>-</u>	<u>-</u>	<u>(16,120)</u>	<u>(25,659)</u>	<u>(16,120)</u>	<u>(25,659)</u>

12 Pension Scheme

Defined contribution plan

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £95,536 (2015: £91,982). Outstanding employer contributions at year end amounted to £6,427 (2015: £7,456) and are included within provisions for liabilities.

Notes (continued)

13 Capital and reserves

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
145 ordinary shares of £10,000 each	1,450,000	1,450,000
	<u>1,450,000</u>	<u>1,450,000</u>

14 Dividends

	2016 £	2015 £
Interim dividend in respect of current year	1,000,001	-
	<u>1,000,001</u>	<u>-</u>

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Less than one year	140,197	145,780
Between one and five years	338,926	463,687
More than five years	-	-
	<u>479,123</u>	<u>609,467</u>

During the year £137,748 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £80,613).

16 Ultimate parent company and parent company of larger group

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

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