

Charles River U.K. Limited

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

Company Registration No: 00950184



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Charles River U.K. Limited

Annual Report and Financial Statements For the period ended 26 December 2020

Contents	Page
Directors and advisers	1
Strategic report	2-3
Directors' report	4-6
Independent auditors' report to the members of Charles River U.K. Limited	7-9
Income statement	10
Statement of comprehensive income	10
Balance Sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Charles River U.K. Limited

Directors and Advisers for the period ended 26 December 2020

Directors

D R Smith

C Dunn

S M Price

Company number

00950184

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 U.K. Limited

Strategic report for the period ended 26 December 2020

The directors present their Strategic Report on the company for the period ended 26 December 2020.

Principal Activities

The principal activity of the Company is the breeding and sale of research animals and services for use in biomedical and scientific research.

Business performance and future outlook

The income statement for the year is set out on page 8. Turnover decreased by 9% (2019: 3%) over the previous year due to a reduction in sales to academics predominantly as a result of the COVID-19 pandemic, with operating profit decreasing by 36% (2019: 18%). The monthly average employee numbers decreased from 118 to 116 in line with the reduction in sales during the year. The Directors recognise that the future market conditions will continue to be demanding and the strategic imperative is to continue to maintain and develop high quality products and services to our existing and new client base.

The COVID-19 pandemic brought unforeseen challenges to 2020, and had a substantial impact on customer demand during the second quarter of the year, however throughout the second half of the year the business recovered on a monthly basis to levels in line with pre-pandemic trading. During the first half of 2021 the business did not experience any adverse impact from COVID-19, and the directors have assessed the potential impact going forward as limited. They have also concluded that while they do not currently forecast any adverse impact, there is still an underlying risk in relation to customer demand. The Company's customer base covers multiple business sectors, some of which have been significantly affected by COVID-19, whilst others are more resilient. The directors have prepared a detailed full year business forecast which demonstrates growth at both turnover and profitability levels.

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 assets of £50,748,000 (2019: £49,846,000) and cash of £1,978,000 (2019: £938,000).

Principal risks and uncertainties

Economic and Industry risk

The economic and industry risks facing the Company are considered to be the level of research and development activity undertaken by existing and potential customers. This is a key business driver and presents the primary risk to the Company meeting its objectives. Grants to academic and medical research institutions are awarded through full economic cost recovery. Any reduction in the level of grants awarded would damage demand for our products. Charles River U.K. Limited is committed to working with our clients to ensure the best products and services are offered without compromising quality.

Financial risk management

The Company is exposed to various financial risks as a result of its operations. The pricing of goods for sale are constantly monitored by the Directors and management to ensure that they are competitive within the market place. With regards to credit risk, the Company has policies which require all new customers to undergo credit checks and there is detailed monitoring of accounts which fall outside agreed terms. The Company does not use foreign currency derivatives as historically benefits have not outweighed the cost of such contracts. The Directors consider that any future finance requirements will be funded internally within the wider Charles River group and therefore the Company would not be directly subject to external interest rate and liquidity risk factors.

Charles River U.K. Limited

Strategic report for the period ended 26 December 2020 (continued)

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using non-financial KPIs is not necessary for an understanding of the development, performance or position of the business. However, the financial key performance indicators that the Directors consider to be important in monitoring the success of the business are as follows:

	2020	2019
	£'000	£'000
Turnover per head	145.0	156.6

Turnover per head is calculated against total average employees throughout the year. Proportionately, there has been a decrease from the prior year which has been driven by the reduction in sales in the year.


	2020	2019
	%	%
Gross margin	45	48

The gross margin has deteriorated slightly as a direct result of the reduced sales in the year. This is calculated by dividing the gross profit by the turnover for the year.

	2020	2019
	Days	Days
Debtor Days	49	61

Debtor days are calculated by considering the trade debtors balance at year end against the turnover for the year. This is actively managed on a day to day basis. Debtor days have improved year on year due to the continued focus on collecting aged and overdue customer debts. There are no significant concerns over the recoverability of debtors held at the balance sheet date.

On behalf of the Board

DocuSigned by:

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C Dunn
 Director

Registered Number: 00950184

15 September 2021

Charles River U.K. 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 00950184.

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)

Results and dividends

The Company made a profit for the financial year of £2,051,000 (2019: £2,974,000). The Company paid dividends during the year of £nil (2019: £nil) amounting to £nil (2019: £nil) per ordinary share. The Directors do not recommend payment of a final dividend.

Going concern

The directors have prepared a cash flow 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, the business has not experienced any adverse impact from COVID-19 throughout the first half of 2021, and forecasts continued strong performance throughout the remainder of the year and into 2022. The directors have considered, in great detail, the ongoing impact of COVID-19. In particular, not only how it affects the company's market sectors and customer base, but also the supply chain. They have prepared a detailed impact assessment of the potential risks to employees, identified mitigating actions and controls, and established a continuity plan designed to ensure the company's continued ability to fulfil customer contracts. Furthermore, the directors actively monitor government announcements and review all aspects of statutory financial aid that may be available.

As at 26 December 2020, the Company has net assets of £50,748,000 (2019: £49,846,000), a net current asset position at 26 December 2020 of £14,406,000 (2019: £17,542,000), and cash balances of £1,978,000 (2019: £938,000).

As part of a global project to refinance the Charles River group revolving credit facility, the bank loan was settled through a transfer of the liability to the company's immediate parent in April 2021. Consequently, the intercompany loan receivable was also settled through a transfer of the debt to the company's immediate parent, which is now the borrower on the GBP portion of the revolving credit facility, and the primary intercompany GBP lender.

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.

Future developments

The future developments of the Company have been set out in the Strategic Report on page 2 of these Annual Report and Financial Statements.

Charles River U.K. Limited

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

Financial risk management

The Company is exposed to various financial risks as a result of its operations and its management against these risks has been set out in the Strategic Report on page 2 of these Annual Report and Financial Statements.

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements 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). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising 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 will continue in business.

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.

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.

Directors' qualifying third party indemnity insurance

The ultimate parent company, Charles River Laboratories International, Inc. (on behalf of the Company), maintain Directors and officers liability insurance against liabilities which Directors of the Company may incur personally as a consequence of claims made against them alleging breach of duty over the unlawful acts of or omissions in their capacity as Directors and officers. This insurance was in force during the financial year and at the date of approval of the financial statements.

Charles River U.K. Limited

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

Directors' statement on disclosure of information to auditors

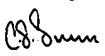
The directors who were members of the Board at the time of approving the directors' report are listed on page 4. Having made enquiries of fellow directors, each of these directors at the date of approval of this report confirms that:

- 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 re-appointment will be proposed at the Annual General Meeting.

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

DocuSigned by:

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C Dunn
Director

Independent auditors' report to the members of Charles River U.K. Limited

Report on the audit of the financial statements

Opinion

In our opinion, Charles River U.K. 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 profit 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 of 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 inappropriate 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, including those with unexpected account combinations impacting revenue, and those with expected words contained within the description.

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. 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 into 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 U.K. Limited

Income statement for the period ended 26 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	16,822	18,477
Cost of sales		(9,188)	(9,528)
Gross profit		7,634	8,949
Distribution costs		(1,823)	(1,855)
Administrative expenses		(3,960)	(4,267)
Operating profit	5	1,851	2,827
Interest receivable and similar income	8	169	409
Interest payable and similar expenses	9	(174)	(227)
Profit before taxation		1,846	3,009
Tax on profit	10	205	(35)
Profit for the financial year		2,051	2,974

Statement of comprehensive income for the period ended 26 December 2020

	2020 £'000	2019 £'000
Profit for the financial year	2,051	2,974
Other comprehensive result	-	-
Total comprehensive income for the year	2,051	2,974

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

The notes on pages 12 to 29 form part of these financial statements.


Charles River U.K. Limited

Balance Sheet as at 26 December 2020

		26 December	Restated*
	Note	2020	28 December
		£'000	2019
			£'000
Fixed assets			
Tangible assets	11	2,699	2,878
Investments	12	52,785	52,785
		55,484	55,663
Current assets			
Stocks	13	1,570	1,658
Debtors	14	2,848	3,941
Debtors falling due after more than one year	14	12,000	14,500
Cash at bank and in hand		1,978	938
		18,396	21,037
Creditors: amounts falling due within one year	15	(3,990)	(3,495)
Net current assets		14,406	17,542
Total assets less current liabilities		69,890	73,205
Creditors: amounts falling due after more than one year	16	(19,103)	(23,103)
Provisions for liabilities	17	(39)	(256)
Net assets		50,748	49,846
Capital and reserves			
Called up share capital	18	10,749	10,749
Capital contribution		9,600	9,600
Retained earnings		30,399	29,497
Total shareholders' funds		50,748	49,846

*Refer to note 26 for details of the restatement.

The financial statements on pages 9 to 29 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

Registered company number: 00950184

Charles River U.K. Limited

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

	Share capital £'000	Capital contribution £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance as at 30 December 2018	10,749	9,600	26,988	47,337
Profit for the financial year	-	-	2,974	2,974
Other comprehensive result for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,974	2,974
Share based payment charge	-	-	(465)	(465)
Total transactions with owners, recognised directly in equity	-	-	(465)	(465)
Balance as at 28 December 2019	10,749	9,600	29,497	49,846
Profit for the financial year	-	-	2,051	2,051
Other comprehensive result for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,051	2,051
Share based payment charge	-	-	(1,149)	(1,149)
Total transactions with owners, recognised directly in equity	-	-	(1,149)	(1,149)
Balance as at 26 December 2020	10,749	9,600	30,399	50,748

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

1. General information

Charles River U.K. Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Manston Road, Margate, Kent, CT9 4LT.

The principal activity of the Company is the breeding and sale of research animals and services for use in biomedical research.

2. Statement of compliance

The individual financial statements of Charles River U.K. Limited 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.

(a) Basis of preparation

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

The annual report and financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

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.

(b) Accounting period

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

(c) Going concern

As disclosed in more detail within the Directors' report on page 4, the Company has net assets of £50,748,000 (2019: £49,846,000) and a net current asset position at 26 December 2020 of £14,406,000 (2019: £17,542,000). For these reasons, the Directors believe that it remains appropriate to prepare these financial statements on a going concern basis.

(d) Exemption 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 Charles River Laboratories International, Inc. which are publicly available.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

(d) Exemption for qualifying entities under FRS 102 (continued)

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 disclosing share based payment arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, concerning its own equity instruments;
- iv) 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
- v) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(e) Consolidated financial statements

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. for which consolidated financial statements are publicly available.

(f) 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 within administrative expenses.

(g) Turnover

The turnover is generated from the breeding and sale of research animals and services for the use in biomedical research. Turnover represents sales net of value added tax and discounts. Turnover is recognised when the goods have been accepted by the customer and the right to consideration has been earned or over the period which the services are being performed. Where turnover that has been recognised is found not to be recoverable due, for example, to a dispute with a customer these amounts are charged against turnover.

When non-recovery is a result of the inability of the customer to meet its obligations, these amounts are charged to administrative expenses.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

(h) Interest

Interest receivable is recognised on an accruals basis.

(i) Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangement and defined contribution pension plans.

i) Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension plan

The Company operates a defined contribution pension scheme (see note 22). 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 obligations. Contributions payable to the pension scheme are charged against profits for the year. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

iii) Share based payments

The Company has adopted in these financial statements, the provisions of FRS 102 – “Share Based Payments” and recognised the cost of certain share awards and schemes in accordance with the standard.

As detailed in note 6 to these financial statements, certain of the Company’s employees are awarded shares or share options in the Company’s ultimate parent undertaking (see note 25). Where it is necessary to estimate the fair value an option or share awarded, the Black Scholes method of valuation has been used based on the assumptions outlined in the notes to the financial statements. An annual assessment is made for those options which are not expected to be exercised and adjustments made accordingly. The fair value of the award at the date of grant is charged to the income statement over the vesting period.

A recharge is made by the ultimate parent undertaking to the Company to reflect amounts due under these awards. Where any amount recharged to the Company exceeds the fair value for awards falling within the scope of this standard, the difference is treated as a distribution of profits. Where any amount recharged to the Company is less than the fair value calculated for awards falling within the scope of the standard, the difference is treated as a capital contribution and is disclosed within other reserves.

(j) 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 or relevant to the period end.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

(j) Taxation (continued)

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 reporting 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.

(k) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and, where applicable, provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Assets under construction are not depreciated until they are ready for use, when they are transferred to the relevant asset class and depreciated over their useful economic lives. Land is valued at cost and is not depreciated.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives as follows:

Freehold land and buildings	10 – 30 years
Motor vehicles	2 – 5 years
Plant and machinery	4 – 15 years

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(l) Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Finance lease assets

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

(l) Leased assets (continued)

ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

The Company has taken advantage of the exemption under paragraph 35.10 (p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (26 December 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

(m) 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.

(n) Investments in subsidiaries

Investment in subsidiaries held as fixed assets are accounted for at cost less a provision for any impairment in value. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investments. If the directors consider that fair value of investments in subsidiaries is below their carrying value then a provision for impairment would be made.

(o) Stocks

Non-animal stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and an appropriate proportion of overheads.

Animal stocks are valued at the lower of cost and estimated selling price less costs to complete and sell by applying an adjustment, relative to the type and age of stocks, to reflect any early deaths or future culling requirements.

(p) Provisions and contingencies

i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

(p) Provision and contingencies (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(q) Share based payments

The Company participates in a number of equity-settled, share-based compensation plans operated by Charles River Laboratories International, Inc. (Note 7). The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement.

The intrinsic value of options exercised during the year is invoiced to the Company by Charles River Laboratories International, Inc. Any differences between the intrinsic value and the expense recognised in the income statement for the year, are recognised as a debit or credit to the share based payment reserve within shareholders' funds, and are shown in the statement of changes in equity.

National Insurance Contributions (NIC) payable by the Company on the exercise of share options, are provided for based on the intrinsic value of these options and the prevailing rate of NIC at the balance sheet date.

(r) 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.

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

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

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.

Other financial instruments, including derivatives, are subsequently measured at fair value, with any changes recognised in the income statement.

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.

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.

(s) 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, turnover 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 following are considered to be material estimates, and the Directors do not consider there to be any key judgements.

i) Valuation of options to purchase shares in subsidiary undertakings

Agreements exist under which the values payable on exercising the options to purchase the remaining 8% shareholding in Beijing Vital River Animal Technology Co. Ltd, and the remaining 20% shareholding in Hainan New Source Biotech Co. Ltd, are determined. In addition to this, the Put and Call options are valued at fair values to record net fair values of the options. In order to assess these fair values, the Company has engaged specialist consultants to prepare valuation reports on an annual basis.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

3. Summary of significant accounting policies (continued)

(t) Cash and cash equivalents

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.

4. Turnover

Analysis of turnover by geography	2020	2019
	£'000	£'000
United Kingdom	14,650	15,992
Europe and Rest of the World	2,172	2,485
	16,822	18,477
Analysis of turnover by category	2020	2019
	£'000	£'000
Sale of goods	10,542	11,835
Service revenue	6,280	6,642
	16,822	18,477

5. Operating profit

Operating profit is stated after charging/(crediting):	2020	2019
	£'000	£'000
Depreciation and amounts written of tangible fixed assets	497	513
Auditors remuneration for audit services	87	72
Operating lease rentals	18	26
Reversal of impairment/impairment of trade debtors	(7)	41
Foreign currency exchange loss	85	87

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

6. Employee information

The average monthly number of persons (including executive Directors) employed by the Company during the year was:

	2020	2019
By activity	Number	Number
Production	84	84
Distribution, sales and administration	32	34
	116	118
Their aggregate remuneration comprised:	2020	2019
	£000	£000
Wages and salaries	3,355	3,239
Social security costs	379	732
Other pensions costs	267	273
Share based payments	917	931
Staff costs	4,918	5,175

Directors' remuneration

The remuneration of the Directors in the current year and the prior year are paid by the ultimate parent company which makes no recharge to the Company. The Directors are also Directors of the ultimate parent company and a number of fellow subsidiaries and no amount is paid in respect of services to this company. Their total remuneration are included in the aggregate of Directors' remuneration disclosed in the annual report and financial statements of the ultimate parent company.

The Directors participate in share option and long term incentive schemes operated by the ultimate parent undertaking. The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under the long term incentive scheme. One Director exercised share options during the year (2019: one). One Director has shares that were received or receivable under long term incentive schemes during the year (2019: one).

7. Share based payments and share options

The ultimate parent company Charles River Laboratories International, Inc. has established a number of approved and unapproved share option plans and arrangements:

2007 Incentive Plan - The 2007 Incentive Plan (2007 Plan), effective from 8 May 2007, provides for the grant of share options to employees of the Group. Options granted under the 2007 Plan vest annually in equal instalments over four years as long as the employee continues to be employed by the Group. All options granted under the 2007 Plan expire on or before 27 February 2023.

2016 Incentive Plan - The 2016 Incentive Plan (2016 Plan), effective from 8 May 2016, provides for the grant of share options to employees of the Group. Options granted under the 2016 Plan vest annually in equal instalments over four years as long as the employee continues to be employed by the Group. All options granted under the 2016 Plan expire on or before 27 February 2024.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

Share based payments and share options (continued)

2019 Incentive Plan - The 2019 Incentive Plan (2019 Plan), effective from 8 May 2019, provides for the grant of share options to employees of the Group. Options granted under the 2019 Plan vest annually in equal instalments over four years as long as the employee continues to be employed by the Group. All options granted under the 2019 Plan expire on or before 27 February 2025.

The options are equity settled and the exercise price is the share price at the grant date. The Company accounts for all share option schemes in accordance with Section 26 of FRS 102 ("Share-based payments").

The volatility is based on a statistical analysis of daily share prices over a period equal to the vesting period of the schemes ending on the day before the grant date for the schemes.

	2020	2019
Volatility	30%	27%
Risk free interest rates	0.4%	2.4%
Expected dividend yield	Nil	Nil
Weighted average remaining contractual life of options outstanding	6.0 years	3.6 years

The Company recognised total expenses of £917,000 related to Charles River Laboratories International, Inc. equity-settled share-based payment transactions in the period ended 26 December 2020 (2019 - £931,000).

8. Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest receivable from group undertakings	169	409
	169	409

9. Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest on revolving bank loan facility	174	227
	174	227

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

10. Tax on profit

a) Analysis of (credit)/charge in the year

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on profits for the year	12	-
Foreign tax relief	(12)	-
Foreign tax suffered	12	-
Total current tax (Note 10b)	12	-
Deferred tax:		
Origination and reversal of timing differences	(247)	40
Adjustment in respect of previous periods	-	-
Effect of change in rate	30	(5)
Total deferred tax	(217)	35
Tax on profit	(205)	35

b) Factors affecting tax (credit)/charge for the year

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

	2020 £'000	2019 £'000
Profit before tax	1,846	3,009
Profit multiplied by the standard rate of corporation tax in the UK: 19.00% (2019: 19.00%)	351	572
Effects of:		
- Expenses not deductible	11	275
- Effects of group relief received	(412)	(522)
- Adjustments from previous periods	-	-
- Tax rate changes	30	(5)
- Share options	(185)	(285)
Total tax (credit)/charge for year	(205)	35

c) Factors affecting tax charges 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.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

10. Tax on profit (continued)

c) Factors affecting tax charges for future years (continued)

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.

11. Tangible assets

	Freehold land and buildings	Motor vehicles	Plant and machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 December 2019	3,449	12	8,433	11,894
Additions	84	-	673	757
Disposals	(13)	-	(471)	(484)
At 26 December 2020	3,520	12	8,635	12,167
Accumulated depreciation				
At 29 December 2019	2,991	12	6,013	9,016
Charge for the year	274	-	223	497
Disposals	-	-	(45)	(45)
At 26 December 2020	3,265	12	6,191	9,468
Net book amount				
At 26 December 2020	255	-	2,444	2,699
At 28 December 2019	458	-	2,420	2,878

12. Investments

	26 December 2020	28 December 2019
	£'000	£'000
Opening balance	52,785	26,006
Additions in the year	-	26,779
Closing balance	52,785	52,785

In 2013 the Company acquired a 75% stake in Beijing Vital River Animal Technology Co. Ltd for \$26.8m (£16,685,000). A further 12% stake was acquired in 2017 for \$10.8m (£8,159,000) and another 5% in 2019 for

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

12. Investments (continued)

\$7.9m (£6,207,000) bringing the total investment to 92%. These amounts were translated at the exchange rates at the dates of purchase. The remaining 8% may be purchased at a future date if various options are exercised.

The contract provides both the Company and the seller rights to exercise the options. At the date of acquisition these options were valued at £1,752,000. A contingent liability has been recognised in relation to this (see note 22). At the balance sheet date, these options were recognised at a value of £1,163,000 (2019: £1,163,000), which differs from the current assessed fair value of £2,005,000 (2019: £2,005,000).

In 2019 the Company acquired an 80% stake in Hainan New Source Biotech Co. Ltd for \$23.1m (£19,332,000). The contract provides the Company the right to purchase the remaining 20% equity interest at its appraised value. These rights are exercisable beginning in 2022. The redeemable non-controlling interest is measured at the greater of the amount that would be paid if settlement occurred as of the balance sheet date based on the appraised value and the carrying amount adjusted for net income (loss) attributable to the non-controlling interest or a predetermined floor value. At the date of acquisition these rights were valued at £1,240,000, and a contingent liability has been recognised in relation to this (see note 22).

The subsidiary undertakings of the Company at 26 December 2020 are:

Name of company	Country of incorporation and principal operations	Registered address	Principal activities during the year	Description of shares held	%
Beijing Vital River Animal Technology Co. Ltd	People's Republic of China	1184 Lin, Baishan Village, Changping District, Beijing, 102211, China.	Breeding and sales of laboratory animals and technical consulting services.	RMB 1 ordinary shares	92
Hainan New Source Biotech Co. Ltd	People's Republic of China	Julong, Xianmin Village, Jiazi Town, Qionghshan District, Haikou City, Hainan Province, 570105, China.	Breeding and sales of laboratory animals.	RMB 1 ordinary shares	80

13. Stocks

	26 December 2020 £'000	28 December 2019 £'000
Raw materials and consumable	330	327
Livestock	1,240	1,331
	1,570	1,658

The amount of stock recognised as an expense during the year was £2,043,000 (2019: £1,674,000). There is no material difference between the carrying amount of stock and replacement cost.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

14. Debtors

	26 December	28 December
	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,245	3,108
Amounts owed by group undertakings	564	690
Prepayments and accrued income	39	143
	2,848	3,941
Amounts falling due after more than one year:		
	2020	2019
	£'000	£'000
Amounts owed by group undertakings	12,000	14,500
Total debtors	14,848	18,441

Amounts owed by group undertakings falling due after more than one year represents a loan receivable amounting to £12,000,000. The loan bears interest at Libor +0.25%, and is repayable within a period of five years from first utilisation, which was 21 December 2020. The amounts falling due within one year represent trading balances, are unsecured, interest free and repayable on demand. Trade debtors are stated after provisions for impairment of £97,000 (2019: £108,000).

15. Creditors: amounts falling due after more than one year

	26 December	28 December
	2020	2019
	£'000	£'000
Trade creditors	313	540
Amounts owed to group undertakings	1,456	881
Tax and social security	573	503
Accruals and deferred income	1,648	1,571
	3,990	3,495

Amounts owed to group undertakings are unsecured, do not bear interest, and have no fixed date of repayment.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

16. Creditors: amounts falling due after more than one year

	26 December 2020 £'000	28 December 2019 £'000
Derivative financial instruments (see note 22)	2,403	2,403
Bank loans and overdrafts	11,000	16,000
Amounts owed to group undertakings	5,700	4,700
	19,103	23,103

The bank loan is part of a group revolving credit facility, bears interest at a variable rate based on Libor + corporate spread, and does not require any mandatory repayments until the facility reaches maturity on 26 March 2023, at which point full repayment of any outstanding balance is required. The interest rate at 26 December 2020 was 1.30%

The loan from group undertakings is a £30,000,000 revolving credit facility which bears interest at Libor + 0.25% and is repayable within a period of five years from first utilisation.

17. Provisions for liabilities

	26 December 2020 £'000	28 December 2019 £'000
Liability at start of year	256	221
Deferred tax (credit)/charge to the income statement for the year	(217)	35
Liability at end of year	39	256

18. Called up share capital

	26 December 2020 £'000	28 December 2019 £'000
Authorised		
10,749,105 ordinary shares of £1 each (2019: 10,749,105)	10,749	10,749
Issued and fully paid		
10,749,105 ordinary shares of £1 each (2019: 10,749,105)	10,749	10,749

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

19. Capital commitments

At the balance sheet date, the Company had no outstanding capital commitments (2019: nil).

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

20. Financial commitments

At the balance sheet date, the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	26 December 2020 £'000	28 December 2019 £'000
Payments due:		
Not later than one year	4	4
Later than one year and not later than five years	4	-
Later than five years	-	-
	8	4

At the balance sheet date, the Company had no commitments relating to land and buildings (2019: nil).

21. Pension scheme

The Company operates a defined contribution pension scheme to which contributions are made based on an agreed proportion of scheme members' total earnings. The pension cost charge for the year was £267,000 (2019: £273,000). At 26 December 2020, contributions totalling £25,176 (2019: £31,256) were outstanding.

22. Contingent assets and liabilities

On 7 July 2017, the Company entered into an agreement that gave rise to a future commitment to purchase the remaining 13% holding in Beijing Vital River Animal Technology Co. Ltd at the call of the founding party within a 3 year period from the date of acquisition, at a premium above the fair value of the assets being acquired at the date the call is exercised. In 2019 the company exercised part of its rights under the agreement and acquired a further 5% with the remaining 8% outstanding. This therefore represents an outflow of funds greater than the assets being acquired.

The directors' best estimate of the expenditure required to settle this commitment at the date of acquisition was £11,517,000 which included a premium of £1,753,000. The fair value of this premium, amounting to £1,163,000 (2019: £1,163,000) has been recognised as a liability in these financial statements (see note 16).

On 28 August 2019, the Company entered into an agreement that gave rise to a future commitment to purchase the remaining 20% holding in Hainan New Source Biotech Co. Ltd at the call of the founding party within a 3 year period from the date of acquisition, at a premium above the fair value of the assets being acquired at the date the call is exercised. This therefore represents an outflow of funds greater than the assets being acquired.

The directors' best estimate of the expenditure required to settle this commitment at the date of acquisition was £5,872,000 which included a premium of £1,240,000. The fair value of this premium, amounting to £1,240,000 has been recognised as a liability in these financial statements (see note 16).

23. Events after the end of the reporting period

Group revolving credit facility

As part of a global project to refinance the Charles River group revolving credit facility, the bank loan was settled through a transfer of the liability to Charles River Laboratories Holdings Limited in April 2021. Consequently, the intercompany loan receivable was also settled through a transfer of the debt to Charles River Laboratories Holdings Limited, which is now the borrower on the GBP portion of the revolving credit facility, and the primary intercompany GBP lender.

Charles River U.K. Limited
Notes to the financial statements
for the period ended 26 December 2020

24. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 from disclosing transactions with 100% owned subsidiary undertakings or other group undertakings. There are no other transactions which require disclosure.

25. Immediate and ultimate parent company

The immediate holding company is Charles River Laboratories Holdings Limited, a company incorporated in the United Kingdom. Copies of the immediate parent company's annual report and financial statements can be obtained from The Company Secretary, Charles River Laboratories Holdings Limited, Manston Road, Margate, Kent, CT9 4LT.

The ultimate parent company is Charles River Laboratories International, Inc. a company incorporated in the United States of America. Charles River Laboratories International, Inc. is the largest group of which the Company is a member and the smallest group for which group annual report and financial statements are prepared. Copies of the group annual report and financial statements can be obtained from Charles River Laboratories 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.

26. Balance Sheet Restatement

	Originally stated 28 December 2019 £'000	Restated 28 December 2019 £'000
Fixed assets		
Non-current debtors	14,500	-
	14,500	-
Current assets		
Debtors	3,941	3,941
Debtors due after more than one year	-	14,500
	3,941	18,441
Total debtors	18,441	18,441

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 14. The impact on total assets after the restatement is nil.