

**Otsuka Europe Development and
Commercialisation Limited**

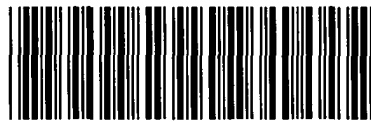
Annual Report and Financial Statements

Year Ended

31 December 2019

Registered Number 08591865

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COMPANIES HOUSE

Otsuka Europe Development and Commercialisation Limited

Company Information

Directors	Philippe Auby, MD Margaretta Nyilas, MD Dean Robert Haubrich
Company secretary	Mitre Secretaries Limited
Registered number	08591865
Registered office	Gallions Wexham Springs Framewood Road Wexham SL3 6PJ
Auditor	Deloitte LLP Statutory Auditor London United Kingdom
Bankers	The Bank of Tokyo-Mitsubishi UFJ Ltd Ropemaker Place 25 Ropemaker Street London EC2Y 9AN
Solicitor	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD

Otsuka Europe Development and Commercialisation Limited

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Otsuka Europe Development and Commercialisation Limited

Directors' report For the year ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019. This directors' report has been prepared in accordance with the Companies Act 2006, taking small companies' exemption.

Principal activity

Otsuka Europe Development and Commercialisation Limited ("OEDC"; "the Company") is a UK resident company. The Company was established as Otsuka's European regulation and practice audit central office to support other Otsuka group entities in relation to regulatory, pharmacovigilance, quality management and clinical development activities. Revenue price is multiple percentage of cost base and is cleared by customer which is parent company on monthly basis, hence no overdue debt occurred. On 1 January 2019, activities of the German Branch and its assets worth €1.4m book value (consist of office fitting, tangible and intangible assets) were transferred to Otsuka Pharmaceutical Development & Commercialisation Europe GmbH (OPDCE). OEDC has functioned in the same way on the UK side but it will cease business after April 2021.

Results and dividends

The Company earned a profit (after tax) during the business year 2019 of €451k (2018 - €454k). Cost of sales is €380k in 2019 with a decrease of 68.2% (2018 -€1,195k), operating cost has decreased to €4,589k, a decrease of 59.7% in comparison to last year (2018 - €11,393k). Sales turnover is €5,357k, less than half of last year's €12,515k. All of the above changes has been in response to risk within the Brexit and the change in European Medicines Agency (EMA) relocation to Amsterdam.

No dividends are proposed by the directors and the profit has been added to the reserves.

Brexit

The company has planned and reviewed the situation in perspective of the nature of the business related to regulatory, pharmacovigilance and clinical nature; All necessary changes around the team/business that is largely internationally mobile have been put into place.

Covid -19

The COVID-19 pandemic developed in December 2019. The emergence of the pandemic has triggered the need to implement a crisis management program that impacts every aspect of the business. The final trajectory of the crisis is unknown, however the Company is working with internal and external stakeholders to track and manage the implications as they emerge.

Going concern

The financial statements have been prepared on a basis other than that of a going concern. OEDC Ltd intends to apply for voluntarily liquidation in first half of 2021. The company will transfer its trade, assets and liabilities to a fellow subsidiary company. No material adjustments are anticipated because of ceasing to apply the going concern basis. All assets and liabilities will be transferred to the fellow subsidiary at their carrying amounts.'

Post balance sheet event

Due to regulatory transitions, the industry has adapted to mirror changes around Brexit. Structural changes within Otsuka's Pharmaceutical division have been necessary. In 2018 OEDC Ltd closed the Germany branch transferring its operation to a German company within the group. OEDC Ltd intends to apply for voluntarily liquidation in first half of 2021 in line with the structural changes agreed with Otsuka Pharmaceuticals Europe Ltd in response to Brexit.

Otsuka Europe Development and Commercialisation Limited

Directors' report (continued)
For the year ended 31 December 2019 Financial risk management objectives and policies

Credit risk

The Company's main customer is based in Japan, which all are Otsuka Group entities. The Company has suffered no bad debts since its establishment and accordingly, the directors view the credit risk as low.

Foreign exchange risk

The exposure to foreign exchange risks is considered to be low. The company does not generally hedge foreign currency transaction exposures arising on internal and external trade flows as the presentation currency ("Euro") is mainly the functional currency of the company's operations; However impact of foreign currency is actively reviewed as to whether to institute measures to manage foreign exchange risks.

Directors and their interests

The directors who served during the year and to the date of signing of this report were:

Philippe Auby, MD
Jean-David Rafizadeh-Kabe, MD (resigned on 12 July 2019)
Margaretta Nyilas, MD
Dean Robert Haubrich, PhD (resigned on 1 January 2020)

None of the directors had any beneficial interests in the issued share capital of the Company, or any other Otsuka Group entity, as defined by the Companies Act 2006, at any time during the year 2019. None of the directors of the Company had any interests in any transactions which were unusual in their nature or were significant to the Company's business during the year 2019.

Otsuka Europe Development and Commercialisation Limited

Directors' report (continued)
For the year ended 31 December 2019

Auditor

Each of the persons who is a director at the time when this report is approved has confirmed that:

- so far as the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP are deemed to be re-appointed in accordance with section 487(2) of the companies Act 2006.

This report was approved by the board on *December 17th, 2020* and signed on its behalf by

Philippe Auby, MD
Director



Date

17th Dec 2020

Otsuka Europe Development and Commercialisation Limited

Directors' responsibilities statement for the year ended 31 December 2019

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Otsuka Europe Development and Commercialisation Limited

Independent auditor's report to the members of Otsuka Europe Development and Commercialisation Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Otsuka Europe Development and Commercialisation Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 2 to the financial statements which indicates that the financial statements have been prepared on a basis other than going concern. Our opinion is not modified in this respect of this matter.

Otsuka Europe Development and Commercialisation Limited

Independent auditor's report to the members of Otsuka Europe Development and Commercialisation Limited (continued)

Report on the audit of the financial statements

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

Otsuka Europe Development and Commercialisation Limited

Independent auditor's report to the members of Otsuka Europe Development and Commercialisation Limited (continued)

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

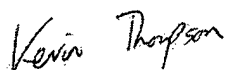
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Kevin Thompson (Senior Statutory Auditor)



For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 17th December 2020

Otsuka Europe Development and Commercialisation Limited

(Company number 08591865)

Statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 €000	2018 €000
Turnover	4	5,357	12,515
Cost of sales		(380)	(1,195)
Gross profit		4,977	11,320
Administrative expenses		(4,589)	(11,393)
Other operating income		155	928
Operating profit	5	543	855
Interest payable and similar expenses	9	(86)	(146)
Profit before taxation		457	709
Tax on profit	10	(6)	(255)
Profit and total comprehensive income for the year attributable to the owners of the Company		451	454

Turnover and profit is derived entirely from operations and all profit is attributable to the owners of the Company. Activities will be discontinued within this company subsequent to the year end following the transfer to another group company.

Otsuka Europe Development and Commercialisation Limited

(Company number 08591865)

Balance sheet As at 31 December 2019

	Note	2019 €000	2018 €000
Fixed assets			
Intangible fixed assets	11	35	42
Tangible fixed assets	12	8	1,033
		43	1,075
Current assets			
Debtors: amounts falling due within one year	13	813	2,137
Cash at bank and in hand		4,103	1,694
		4,916	3,831
Creditors: amounts falling due within one year	14	(1,026)	(1,424)
Net current assets		3,890	2,407
Net Assets		3,933	3,482
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	2,933	2,482
Total shareholders' funds		3,933	3,482

Philippe Auby, MD Director

Date: 17th Dec 2020



The notes on pages 10 to 25 form part of these financial statements.

Otsuka Europe Development and Commercialisation Limited

(Company number 08591865)

Statement of changes in equity For the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	€000	€000	€000
Balance at 1 January 2019	1,000	2,482	3,482
Comprehensive income for the year			
Profit for the year	-	451	451
Total comprehensive income for the year	-	451	451
Balance at 31 December 2019	1,000	2,933	3,933

For the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	€000	€000	€000
Balance at 1 January 2018	1,000	2,028	3,028
Comprehensive income for the year			
Profit for the year	-	454	454
Total comprehensive income for the year	-	454	454
Balance at 31 December 2018	1,000	2,482	3,482

The notes on pages 10 to 25 form part of these financial statements.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

1. General information

Otsuka Europe Development and Commercialisation Limited ("the Company") is a private company limited by shares which incorporated in the United Kingdom and is registered in England and Wales. The address of the registered office is given on the company information page. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 1.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council ("FRC").

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") as issued by the FRC. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared on a historical cost basis. The presentation currency used is Euro and amounts have been presented in round thousands ("€000s").

Disclosure exemptions adopted

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to certain financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, impairment of assets, Company's share capital, key management personnel and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Otsuka Holdings Co. Ltd. the group accounts of Otsuka Holdings Co. Ltd. are available to the public and can be obtained as set out in note 20.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

2. Significant accounting policies (continued)

Going concern

With the establishment of OPDCE in 2019 and closure of Frankfurt office due to the result of Brexit, the Company is expected to go into voluntary liquidation.

As referenced in the Director's report, the company is expecting to transfer trade and assets to fellow group company, Otsuka Pharmaceuticals Europe Ltd.

The company is are expected to continue to generate positive cash flows on their own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent.

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company's successor branches will be able to continue in operational existence for the foreseeable future.

These financial statements have been prepared on a basis other than that of a going concern solely due to the expected transfer to Otsuka Pharmaceuticals Europe Ltd.

There is no other impact on the presentation of the financial statements for the year ended 31 December 2019, including classification or measurement of any assets or liabilities

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

OEDC performs support activities related to obtaining market authorizations, conducting drug safety and quality management. revenue arises from the contractual agreement of providing services and recognising revenue on a markup basis, namely revenue is calculated at a multiple percentage on top of the base costs (currently being two percent of cost of goods sold and eight percent of operation cost) and is cleared by the customer which is the parent company Otsuka Holdings Co on a monthly basis.

Leases

IFRS 16 has been implemented during the year, however these Financial Statements are not impacted since the company has no leases in 2019. Operating lease payments represent rentals payable by the Company of its office properties, transferred to Otsuka Pharmaceutical Development & Commercialisation Europe GmbH ("OPDCE") on 1 January 2019.

Foreign currencies

The financial statements are presented in Euro which is the currency the company operates in (its functional currency). Euro is also the currency in which revenue generated, ie the company's revenue invoice uses Euro as the currency.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each balance sheet

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

date, monetary assets and liabilities that are denominated in foreign currencies, are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated on foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise. At the year end the exchange rate ruling was £1 = €1.1668 (2018 - £1 = €1.1084).

Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements
For the year ended 31 December 2019

2. Significant accounting policies (continued)

Intangible fixed assets

Intangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Software	- 3 to 5 years
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Amortisation is included within administrative expenses in the statement of comprehensive income.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

2. Significant accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Fixtures and fittings	- 3 to 13 years
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Depreciation is included within administrative expenses in the statement of comprehensive income.

Assets under construction

Assets under construction are carried at cost, less any recognised impairment loss. Depreciation commences when the assets are ready for their intended use.

Financial instruments

Financial assets

The Company classifies its financial assets as loans and receivables. The Company has not classified any of its assets at fair value through profit or loss or as held to maturity.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group apply the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Therefore whereby there are Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. No such impairments provisions have been recognised this year.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents include cash in hand.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

2. Significant accounting policies (continued)

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. The Company has not classified any of its liabilities at fair value through profit or loss.

Other financial liabilities include trade payables and other short-term monetary liabilities as well as loans from group companies. These liabilities are initially recognised at fair value and are subsequently carried at amortised cost.

New standards and interpretations applied in the year

These standards have been implemented since 2018, however the impact on the Financial Statements is immaterial.

IFRS9 - Financial Instruments
IFRS15 - Revenue from Contracts with Customers

New standards and interpretations not applied

The IASB and IFRIC have issued standards and interpretations with an effective date for periods starting after the date on which these financial statements commence. The following standards and interpretations are in issue at that date of approval of the accounts. Currently there is no financial impact to the financial statements of the new standards

IFRS 16 – Leases

Effective Date
1 January 2019

IFRS 16 Leases has been applied from 1 January 2019. However, operating lease payments represent rentals payable by the Company of its office properties, transferred to Otsuka Pharmaceutical Development & Commercialisation Europe GmbH (OPDCE) on 1 January 2019, hence OEDC has no longer hold the lease, and consequently no implementation of IFRS16 is carried out.

3. Critical accounting judgements and key sources of estimation uncertainty

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. There were no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

4. Turnover

An analysis of the Company's turnover by class of business is as follows:

	2019 €000	2018 €000
Rendering of services	5,357	12,515

Analysis of turnover by country of destination:

	2019 €000	2018 €000
Japan	5,357	12,515

Rendering of services is derived wholly from support activities related to obtaining market authorizations, monitoring drug safety through pharmacovigilance, clinical strategy and quality management.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements For the year ended 31 December 2019

5. Operating profit

Profit for the year has been arrived at after charging:

	2019 €000	2018 €000
Depreciation of tangible fixed assets	12	138
Amortisation of intangible fixed assets	8	6
Staff costs	3,390	7,806
Net foreign exchange losses	80	104
Operating lease - office	-	625
	-	625

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were €13,000 (2018 - €14,000).

Fees payable to Deloitte LLP and their associates for the non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

7. Staff costs

Staff costs were as follows:

	2019 €000	2018 €000
Wages and salaries	2,848	6,661
Social security costs	388	873
Cost of defined contribution scheme (see note 18)	154	272
	3,390	7,806

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Senior Managers and Administration	22	52

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements
For the year ended 31 December 2019

8. Directors' remuneration

	2019 €000	2018 €000
Emoluments	86	410
Company contributions to money purchase pension schemes	-	40
	86	450

The number of directors who:

Are members of a money purchase pension scheme	-	1
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Remuneration of highest paid director	86	410
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Only one director is remunerated and other two directors are from group company, not from OEDC.

9. Interest payable and similar expenses

	2019 €000	2018 €000
Bank interest payable	86	146

10. Taxation

	2019 €000	2018 €000
Corporation tax		
UK corporation tax	23	181
Double taxation relief	(16)	(86)
	6	95
Foreign tax		
Foreign tax on income for the year	-	160
Total current tax	6	255
Deferred tax		
Origination and reversal of timing differences	(11)	40

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements for the year ended 31 December 2019

10. Taxation (continued)

Total deferred tax	(11)	40
Taxation on profit on ordinary activities ⁶	6	255

Factors affecting tax charge for the year

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2019 €000	2018 €000
Profit before tax	457	709
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19.25%)	87	135
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	22	11
Effect of different tax rates of operations	(81)	110
Total tax charge for the year	28	255

Factors that may affect future tax charges

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 19% from 1 April 2019 and to 17% from 1 April 2020. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

For the purposes of deferred tax, the rate of 17% had been substantively enacted before the balance sheet date. This will reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements for the year ended 31 December 2019

11. Intangible fixed assets

	Computer software €000
Cost	
At 1 January 2019	67
At 31 December 2019	<u>67</u>
Amortisation	
At 1 January 2019	25
Charge for the year	7
At 31 December 2019	<u>32</u>
Net book value	
At 31 December 2019	<u>35</u>
At 31 December 2018	<u>42</u>

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements for the year ended 31 December 2019

12. Tangible fixed assets

	Fixtures and fittings €000	Total €000
Cost		
At 1 January 2019	1,592	1,592
Additions	12	12
Transfer	(1,401)	(1,401)
At 31 December 2019	203	203
Depreciation		
At 1 January 2019	559	559
Charge for the year	11	11
Transfer	(375)	(375)
At 31 December 2019	195	195
Net book value		
At 31 December 2019	8	8
At 31 December 2018	1,033	1,033

The company has transferred its assets in Frankfurt office to Otsuka Pharmaceutical Development & Commercialisation Europe GmbH (OPDCE) on 1 January 2019.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements
For the year ended 31 December 2019

13. Debtors: amounts falling due within one year

	2019 €000	2018 €000
Amounts owed by group undertakings	813	2,125
Other debtors	-	4
Prepayment and accrued income	-	8
	<u>813</u>	<u>2,137</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and payable within 30 days.

14. Creditors: amounts falling due within one year

	2019 €000	2018 €000
Trade creditors	-	51
Taxation	82	25
Deferred tax liability (see note 15)	26	37
Other Creditors	-	(98)
Accruals	918	1,409
	<u>1,026</u>	<u>1,424</u>

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements for the year ended 31 December 2019

15. Deferred tax liability

The following deferred tax liability recognized by the Company and movements thereon during the current and prior year is as follows:

	2019 €000	2018 €000
At 1 January		
Charged to profit or loss	26	37
	<u>26</u>	<u>37</u>

The deferred tax asset/liability is made up as follows:

	2019 €000	2018 €000
Decelerated capital allowances	4	-

16. Called up share capital

	2019 €000	2018 €000
Authorized, allotted, called up and fully paid 1,000,000 (2018 - 1,000,000) ordinary shares of €1 each	<u>1,000</u>	<u>1,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

17. Reserves

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

The Company's profit and loss account encompasses all recognized gains and losses made by the Company.

Otsuka Europe Development and Commercialisation Limited

Notes to the financial statements for the year ended 31 December 2019

18. Retirement contribution schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of €154,000 (2018 - €272,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2019, no contributions (2018 - €5,795) due in respect of the current reporting period had not been paid over to the schemes.

19. Operating lease arrangements

Operating lease payments represent rentals payable by the Company of its office properties, transferred to Otsuka Pharmaceutical Development & Commercialisation Europe GmbH (OPDCE) in 1 January 2019, hence OEDC has no longer hold the lease; and consequently no implementation of IFRS16 is carried out.

20. Ultimate parent company and control

Otsuka Holdings Co., Ltd., a company incorporated in Japan, is the immediate and ultimate parent and controlling party. Otsuka Holdings Co., Ltd. heads the smallest and largest groups that include the Company for which group financial statements are prepared. The consolidated accounts for both the smallest and largest company may be obtained from Otsuka Holdings Co., Ltd., 2-9 Kanda, Tsukasa-machi, Chiyoda-ku, Tokyo 101,8535, Japan.

21. Post balance sheet event

Due to regulatory transitions, the industry has adapted to mirror changes around Brexit. Structural changes within Otsuka's Pharmaceutical division have been necessary. In 2018 OEDC Ltd closed the Germany branch transferring its operation to a German company within the group. OEDC Ltd intends to apply for voluntarily liquidation in first half of 2021 in line with the structural changes agreed with Otsuka Pharmaceuticals Europe Ltd in response to Brexit.