

**REGISTERED NUMBER: 05608446 (England and Wales)**

**Beam Suntory UK Holdings Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2019**



**Beam Suntory UK Holdings Limited**

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For the Year Ended 31 December 2019**

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**Beam Suntory UK Holdings Limited**

**Officers and Professional Advisers  
For the Year Ended 31 December 2019**

**Directors:** M'Del Pino Bermudez De La Puente Sanchez-Aguilera  
N Yamada

**Secretary:** Corporation Service Company (UK) Limited

**Registered office:** 2 Longwalk Road  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1BA

**Registered number:** 05608446 (England and Wales)

**Auditor:** Deloitte LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB  
United Kingdom

**Banker:** The Royal Bank of Scotland  
5-10 Great Tower Street  
London  
EC2M 4JX

**Beam Suntory UK Holdings Limited**

**Strategic Report  
For the Year Ended 31 December 2019**

The directors present their Strategic Report for Beam Suntory UK Holdings Limited ('the Company') for the financial year ended 31 December 2019.

**Business review and future developments**

The Company's principal activity during the year was to act as a holding company for the Beam Suntory Inc. companies operating in the United Kingdom. The Company made a profit before tax of £57,353k (2018: loss £149k) principally due to intercompany dividends received of £57,500k (2018: £nil), offset by interest payable to other group undertakings of £151k (2018: £140k).

Both the level of business and the year-end financial position of the Company were as expected. The Company's trading subsidiaries were profitable during the year. The directors anticipate that the present level activity of the Company and its subsidiaries will be sustained for the foreseeable future.

**Key performance indicators ('KPI's')**

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

**Principal risks and uncertainties (incorporating financial risk management and financial instruments)**

The Company operations expose it to liquidity and interest rate risk. Financial risk management activities were performed by fellow subsidiaries of Beam Suntory Inc, and related transactions were contracted by those companies. Beam Suntory UK Holdings Limited did not use financial instruments to manage any interest rate or cash flow risks during the year.

The key business risk for the Company is the decline in performance of the Company's trading subsidiary undertakings. To mitigate this risk, management regularly monitor the performance of the Company's investments.

**COVID-19**

The directors continue to monitor risks to the Company associated with COVID-19 but do not expect this to have a material adverse impact on the business in the long-term.

Approved by the Board of Directors and signed on behalf of the Board:



.....  
M'Del Pino Bermudez De La Puente Sanchez-Aguilera - Director

Date: 25-Nov-2020.....

2 Longwalk Road  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1BA

## **Beam Suntory UK Holdings Limited**

### **Directors' Report For the Year Ended 31 December 2019**

The directors present their Annual Report and the audited financial statements of the Company for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the Company is stated under the Strategic Report.

#### **Results and dividends**

The results for the financial year are set out on page 8.

The Company proposed and paid dividends for the year ended 31 December 2019 of £57,500 (2018: £nil).

Details of the principal risks and uncertainties, financial risk management and future developments are included in the Strategic Report and form part of this report by cross reference.

#### **Going concern**

As at 31 December 2019, the Company has net assets of £542,243k (2018: £542,390k) but net current liabilities of £7,091k (2018: £6,944k) due to the short term loan agreement with Beam Suntory UK Limited, a wholly owned subsidiary. The directors have considered the impact of this on the going concern basis of preparation for the financial statements. The loan agreement will be extended as required to ensure that the Company can continue to be able to pay its debts as the fall due. The directors believe that this appropriately supports the going concern basis for preparation of the financial statements.

#### **Directors**

The directors who served the Company during the year end to the date of this report were as follows:

M' Del Pino Bermudez De La Puente Sanchez-Aguilera

N Assi (resigned 10 February 2020)

N Yamada (appointed 10 February 2020)

#### **Directors' indemnities**

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

#### **Subsequent events**

Since the period under review, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. Management continue to monitor the impact of the virus on the business as more information about the epidemic emerges. The directors note this is a non-adjusting post balance sheet event. Please refer to going concern section in the accounting policies for further information.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as director in order to make themselves 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 provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

**Beam Suntory UK Holdings Limited**

**Directors' Report - continued**  
**For the Year Ended 31 December 2019**

Approved by the Board and signed on its behalf by:



.....  
M'Del Pino Bermudez De La Puente Sanchez-Aguilera - Director

Date: 25-Nov-2020.....

2 Longwalk Road  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1BA

## **Beam Suntory UK Holdings 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 United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard FRS 101 "Reduced Disclosure Framework" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **Independent Auditor's Report to the Members of Beam Suntory UK Holdings Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Beam Suntory UK Holdings Limited (the 'Company').

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its result 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 applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity and;
- the related notes 1 to 14.

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 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.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **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.



## **Independent Auditor's Report to the Members of Beam Suntory UK Holdings Limited - continued**

### **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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### **Report on other legal and regulatory matters**

#### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

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.

James Boyle CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, United Kingdom

Date: .....

**Beam Suntory UK Holdings Limited**

**Profit and Loss Account**

**For the Year Ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Administrative income/(expenses)		4	(9)
<b>Operating profit/(loss)</b>		4	(9)
Income from shares in Group undertakings	4	57,500	-
Interest payable and similar expenses	5	(151)	(140)
<b>Profit/(loss) before taxation</b>	6	57,353	(149)
Taxation	7	-	-
<b>Profit/(loss) for the financial year</b>		57,353	(149)
<b>Profit/(loss) for the financial year attributable to the owners of the Company</b>		57,353	(149)

All amounts are derived from continuing operations.

No separate Statement of Comprehensive Income has been presented because the Company has no other comprehensive income other than the loss for the financial year.

**Beam Suntory UK Holdings Limited**

**Balance Sheet**

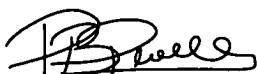
**As at 31 December 2019**

	<b>Note</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Fixed assets</b>			
Investments	9	549,334	549,334
<b>Current assets</b>			
Debtors	10	6	6
Cash at bank		9	9
		<u>15</u>	<u>15</u>
<b>Creditors</b>			
Amounts falling due within one year	11	(7,106)	(6,959)
<b>Net current liabilities</b>		<u>(7,091)</u>	<u>(6,944)</u>
<b>Total assets less current liabilities and net assets</b>		<u>542,243</u>	<u>542,390</u>
<b>Capital and reserves</b>			
Called-up share capital	12	422,767	422,767
Share premium account	12	60,211	60,211
Profit and loss account	12	59,265	59,412
<b>Total Shareholders' funds</b>		<u>542,243</u>	<u>542,390</u>

The accompanying notes on pages 11 to 24 form an integral part of these financial statements.

The financial statements of Beam Suntory UK Holdings (registered number 05608446) were approved by the Board of Directors and authorised for issue on 25 November 2020.

They were signed on its behalf by:



M'Del Pino Bermudez De La Puente Sanchez-Aguilera - Director

**Beam Suntory UK Holdings Limited**

**Statement of Changes in Equity  
For the Year Ended 31 December 2019**

	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2018</b>	344,305	60,211	59,561	464,077
Loss for the financial year and total comprehensive income	-	-	(149)	(149)
Issue of share capital (note 12)	78,462	-	-	78,462
<b>Balance at 31 December 2018</b>	<u>422,767</u>	<u>60,211</u>	<u>59,412</u>	<u>542,390</u>
Profit for the financial year and total comprehensive income	-	-	57,353	57,353
Dividend paid in the year (note 8)	-	-	(57,500)	(57,500)
<b>Balance at 31 December 2019</b>	<u><u>422,767</u></u>	<u><u>60,211</u></u>	<u><u>59,265</u></u>	<u><u>542,243</u></u>

## **Beam Suntory UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **1. General information**

Beam Suntory UK Holdings Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates and figures have been presented to the nearest thousand.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the results of it and its subsidiary undertakings are included in the consolidated financial statements of Suntory Holdings Limited. Consequently the information presented in the financial statements is for the Company and not the group.

#### **Adoption of new and revised Standards**

##### **Impact of initial application of IFRS 16 Leases**

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

As the Company has no operating leases or finance leases in either year, the application of IFRS 16 has had no impact on the financial position, financial performance or disclosures of the Company.

##### **Impact of initial application of other amendments to IFRS Standards and Interpretations**

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that effective for an accounting period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- IFRIC 23 Uncertainty over Income Tax Treatments

## **Beam Suntory UK Holdings Limited**

### **Notes to the Financial Statements - continued For the Year Ended 31 December 2019**

#### **2. Significant accounting policies**

##### **Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and certain related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Suntory Holdings Limited.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

##### **Going concern**

As at 31 December 2019, the Company has net assets of £542,243k (2018: £542,390k) but net current liabilities of £7,091k (2018: £6,944k) due to the short term loan agreement with Beam Suntory UK Limited, a wholly owned subsidiary. The directors have considered the impact of this on the going concern basis of preparation for the financial statements. The loan agreement will be extended as required to ensure that the Company can continue to be able to pay its debts as the fall due. The directors believe that this appropriately supports the going concern basis for preparation of the financial statements.

##### **Income from fixed asset investments**

Income from fixed asset investments comprises of dividends receivable from subsidiary undertakings. Dividends are recognised when they become payable.

##### **Interest payable**

Interest payable to group companies is recognised on an accruals basis.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Notes to the Financial Statements - continued  
For the Year Ended 31 December 2019**

**2. Significant accounting policies - continued**

**Financial instruments - continued**

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets held by the Company are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

**Recognition and measurement**

**Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item (note 9).

**2. Significant accounting policies - continued**

**Financial instruments - continued**

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**(i) Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:



Notes to the Financial Statements - continued  
For the Year Ended 31 December 2019

2. Significant accounting policies - continued

Financial instruments - continued

Impairment of financial assets - continued

(i) Significant increase in credit risk - continued

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2. Significant accounting policies - continued

Financial instruments - continued

Impairment of financial assets - continued

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

*Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

*Financial liabilities and equity*

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*Financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2019

2. Significant accounting policies - continued

Financial instruments - continued

*Financial liabilities measured subsequently at amortised cost*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**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 or loss for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 temporary 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 utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or 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 realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Investments**

Fixed asset investments are stated at cost less any provision for impairment. Impairments are reversed when there is a change in economic conditions or expected use of the asset.

## Beam Suntory UK Holdings Limited

### Notes to the Financial Statements - continued For the Year Ended 31 December 2019

#### 2. Significant accounting policies - continued

##### Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical accounting judgement - Assessing impairment for fixed assets investments*

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Management consider each period whether there is any indication of impairment in relation to fixed asset investments. No such indicators have been identified. There is no requirement to perform a full impairment review unless such indicators exist.

In the view of the directors, there are no critical accounting judgements or key sources of estimation uncertainty which affect the Company's financial statements.

#### 4. Income from shares in Group undertakings

	2019	2018
	£'000	£'000
Dividends received from Beam Suntory UK Limited	57,500	-

#### 5. Interest payable and similar expenses

	2019	2018
	£'000	£'000
Interest on loans from Group undertakings	151	140

**Beam Suntory UK Holdings Limited**

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2019**

**6. Profit/(loss) before taxation**

The profit/(loss) before taxation is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>(4)</u>	<u>9</u>

Fees payable to Deloitte LLP and their associates for 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.

There are no persons employed by this Company. The director's remuneration is borne by another group company. The total remuneration paid to the directors of the Company by the Group was £1,582k (2018: £2,350k).

**7. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current taxation</b>		
UK corporation tax	<u>-</u>	<u>-</u>
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Tax on loss</b>	<u>-</u>	<u>-</u>

**Factors affecting the tax expense**

The tax assessed for the year is the lower than (2018 - higher) the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) before income tax	<u>57,353</u>	<u>(149)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	10,897	(28)
<i>Effects of:</i>		
Non-taxable dividend received	(10,925)	-
Group relief not paid	28	28
<b>Total current tax charge for the year</b>	<u>-</u>	<u>-</u>

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at 17%. The rate of change will affect the size of the Company's deferred tax assets and liabilities in the future.

**Beam Suntory UK Holdings Limited**

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2019**

**8. Dividends**

	2019 £'000	2018 £'000
Final dividend for the year ended 31 December 2019 (equivalent to £0.12 per share (2018: £nil))	<u>57,500</u>	<u>-</u>

**9. Investments**

	Subsidiaries £'000
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	<u>549,334</u>
<b>Net book value</b>	
At 31 December 2019	<u>549,334</u>
At 31 December 2018	<u>549,334</u>

**Details of undertakings**

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Registered address
Beam Suntory UK Ltd	United Kingdom	Ordinary	100%	2 Longwalk Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA
Thomas Lowndes & Co. Ltd	United Kingdom	Ordinary	100%	2 Longwalk Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA
Morrison Bowmore Distillers Limited	United Kingdom	Ordinary	100%	Springburn Bond, Carlisle Street, Glasgow G21 1EQ
James Sword & Sons Limited	United Kingdom	Ordinary	100%	Springburn Bond, Carlisle Street, Glasgow G21 1EQ

**Beam Suntory UK Holdings Limited**

**Notes to the Financial Statements - continued  
For the Year Ended 31 December 2019**

**9. Investments - continued**

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Registered address</b>
Morrison Bowmore Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
Morrison Distillers Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
Morrison Bowmore Distillery Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
Morrison's Glengarioch Distillers Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
Robroy Distillery Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
Stanley P. Morrison Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
Suntory Alliance Brands Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
T. & A McClelland Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
The Real Scotch Whisky Company Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ Springburn
The Red Gauntlet Scotch Whiskey Company Limited	United Kingdom	Ordinary	100%	Bond, Carlisle Street, Glasgow G21 1EQ 2 Longwalk

**Beam Suntory UK Holdings Limited**

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2019**

**9. Investments - continued**

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Registered address</b>
Beam UK Pension Plan Trustee Ltd	United Kingdom	Ordinary	100%	Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA 2 Longwalk
Beam Management UK Ltd	United Kingdom	Ordinary	100%	Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA 2 Longwalk
COSMI Realisations Ltd	United Kingdom	Ordinary	100%	Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA 2 Longwalk
HOB Realisations Ltd	United Kingdom	Ordinary	100%	Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA 2 Longwalk
John Harvey & Sons Ltd	United Kingdom	Ordinary	100%	Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA 2 Longwalk
WM. Teacher & Sons Ltd	United Kingdom	Ordinary	100%	Springburn Bond, Carlisle Street, Glasgow, G21 1EQ 2 Longwalk
John Harvey & Sons (UK) Ltd	United Kingdom	Ordinary	100%	Road, Stockley Park, Uxbridge, Middlesex, England, 2 Longwalk
D. Johnston & Company (Laphroaig) Ltd	United Kingdom	Ordinary	100%	Springburn Bond, Carlisle Street, Glasgow, G21 1EQ



# Beam Suntory UK Holdings Limited

## Notes to the Financial Statements - continued For the Year Ended 31 December 2019

### 9. Investments - continued

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Registered address
Beam Suntory Operations Ltd*	United Kingdom	Ordinary	100%	2 Longwalk Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA
Beam Global Distribution (UK) Ltd*	United Kingdom	Ordinary	100%	2 Longwalk Road, Stockley Park, Uxbridge, Middlesex, England, UB11 1BA
Beam Suntory Poland s.p.Z.o.o. *	Poland	Ordinary	100%	181B Aleje Jerzolimskie, 02-222, Warsaw, Poland
Edrington Beam Suntory Distribution UK Ltd*	United Kingdom	Ordinary	100%	191 West George Street, Glasgow, G2 2LD

\* indirectly held.

### 10. Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Other debtors	6	6

### 11. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to Group undertakings	6,974	6,821
Accrued expenses	132	138
	7,106	6,959

All amounts owed to Group undertakings are unsecured and bear interest at 0.67% (2018: 0.4754%) above LIBOR and are repayable on demand.

**Beam Suntory UK Holdings Limited**

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2019**

**12. Called up share capital**

**Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
422,766,727	Ordinary shares	£1	<u>422,767</u>	<u>422,767</u>

In the prior year, 78,461,603 £1 ordinary shares were issued to the Company's parent company, Beam Europe Sarl.

The Company's other reserves are as follows:

**Share premium account**

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

**Profit and loss account**

Include all current and prior period retained profits and losses net of any dividends paid.

**13. Subsequent events**

Since the period under review, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. Management continue to monitor the impact of the virus on the business as more information about the epidemic emerges. The directors note this is a non-adjusting post balance sheet event. Please refer to going concern section in the accounting policies for further information.

**14. Immediate parent company and controlling party**

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is Kotobuki Realty Co. Limited, a Company incorporated in Japan. The Parent undertaking of the smallest and largest group, which includes the Company and for which group accounts are prepared, is Suntory Holdings Limited, a Company incorporated in Japan (registered office address 2-1-40 Dojimahama, Kita Ku, Osaka Shi, Osaka Prefecture 530 8203). Copies of the group financial statements of Suntory Holdings Limited are available from <https://www.suntory.com/about/financial/securities.html>. The Company's immediate controlling party is Beam Europe Sarl, a company incorporated in Luxembourg.






# Beam Suntory UK Holdings Limited - 2019 Accounts

Final Audit Report

2020-11-25

Created:	2020-11-25
By:	Goizeder Roa (Goizeder.Roa@BeamSuntory.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAdxeAaGng0yAxJWgIPRRldxDaHcPTyXY8

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2020-11-25 - 4:37:43 PM GMT- IP address: 165.225.92.186
-  Document emailed to Pino Bermudez (Pino.Bermudez@beamsuntory.com) for signature  
2020-11-25 - 5:21:33 PM GMT
-  Email viewed by Pino Bermudez (Pino.Bermudez@beamsuntory.com)  
2020-11-25 - 6:04:55 PM GMT- IP address: 83.45.83.173
-  Document e-signed by Pino Bermudez (Pino.Bermudez@beamsuntory.com)  
Signature Date: 2020-11-25 - 6:05:44 PM GMT - Time Source: server- IP address: 83.45.83.173
-  Agreement completed.  
2020-11-25 - 6:05:44 PM GMT