

# **Beko plc**

## **Annual Report and Financial Statements**

31 December 2020



Beko plc

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## Company Information

### Directors

H Bulgurlu  
F K Ebiclioglu  
L Cakiroglu  
M R Balcioglu  
M R Koç  
D Reddaway  
P Sen

### Secretary

G Arslanoglu (Resigned 30 October 2020)  
S Rakibe Musal (Appointed 30 October 2020)

### Independent Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH  
United Kingdom

### Bankers

Citibank  
Citigroup Centre  
Canary Wharf  
London E14 5LB

### Registered Office

Beko House  
1 Greenhill Crescent  
Watford  
Hertfordshire WD18 8QU

## Beko plc

## Strategic Report

### Principal activities and review of the business

The company continued to trade in Koç Group products in the UK and from its branch in the Republic of Ireland, principally white goods.

Beko plc provides smart, innovative and energy efficient home appliances, which are designed to make the consumers' life easier thanks to super-fast programmes and energy saving technology. The company has vowed to continue developing highly energy efficient electrical appliances that deliver exceptional value, superior quality, with high levels of customer satisfaction, by listening and responding to the needs of consumers. The company also continues to provide repair services through its own engineers.

Beko plc's turnover increased compared to prior year by 2.7%, to £434,616k (2020) compared to £423,197k (2019). In a highly competitive market affected by Covid-19, Beko plc has maintained its position as one of the leading home appliance brands in the UK.

The company's key financial and other performance indicators were as follows:

	2020	2019	Change
	£000	£000	%
Turnover	434,616	423,197	2.7%
Gross Profit	72,998	61,774	18.2%
Gross margin	16.80%	14.60%	15.1%
Profit before tax	15,999	6,563	143.8%
Net assets	31,347	18,512	69.4%
Average number of employees	326	297	9.8%

### Future developments

In 2021, our aim is to carry on increasing the brand value through focusing on product innovation and creating a high-quality perception across all our branded products.

The group will carry on investing in the development of super-fast products and energy saving technology, with the aim to deliver exceptional value for money, quality, and a high level of customer satisfaction.

The macro economic factors will continue to be a challenge, specifically the uncertainty regarding Covid-19; however, further medium and long-term growth is expected as we will carry on offering highly innovative product ranges to our existing and target customers.

### Research and development

Beko plc opened its Cambridge research and development centre in July 2015 to develop advanced and sustainable technologies for product innovation in the home environment. This aims to cement Beko plc's position as a leader of innovation within the home appliance sector and expands its parent company, Arçelik's award winning research and development activities.

Cambridge's vibrant technology cluster of university colleges, research institutions, companies and networking organisations, provides an ideal ecosystem for the development of innovative technology through collaborative research.

Beko plc's research and development centre is centred on the development of novel sensors to enable smart appliances' connected technologies to support the IOT ecosystem and advanced materials and coatings.

## Strategic Report (continued)

### Directors' Statement in respect of S172

With reference to section 172 (1) of the Companies Act, the company, through its directors and top management, seek to set and maintain a high standard of business conduct whilst fairly considering the interests of its employees, suppliers, customers, community, environment and other relevant stakeholders. As such, frequent director and management meetings are held to evaluate, discuss, review and take action on matters which may have a short, medium or long term influence on the aforementioned stakeholders.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the business are set out below.

#### Brexit

The company, working with various stakeholders, has reviewed the implications of Brexit on its business, prepared accordingly and can confirm that all key processes have continued to operate uninterrupted. This will remain under continuous review as the impact of current and future trade agreements progresses.

#### Covid-19

The company, working with various stakeholders, has reviewed the implications of Covid-19 on its business and implemented actions in order to reduce such impact. This will remain under constant review for the future.

#### Competition

The company operates in a highly competitive market, particularly on price and product availability, with a small number of dominant customers. This generally, not only results in downward pressure on margins but also in the risk that key customer demands will not be met. This risk is mitigated by our sales team monitoring market prices on a regular basis and they have the responsibility for pricing goods, together with finance, to their customers.

#### Credit risks

Beko plc intends to cover all its counterparty risks with financial guarantees, provided either by its customers, debt factoring arrangements and other prime financial institutions. Beko plc is able to cover most of its receivables by credit insurance and uses a methodology determined by Koç Holding A.S internal Credit Risk Committee to manage outstanding counterparty risks.

#### Supply chain

The company is supplied almost exclusively by group companies in Turkey, Romania and China. Therefore, the company is in control of the supply chain, and the normal risks associated with supplies from third parties do not arise.

#### Financial risk management

The company's activities expose itself to a variety of financial risks, including:

- Foreign exchange currency risk – for the most part this is mitigated as goods sold in the UK are purchased from the Koç Holding A.S in Pounds Sterling. Likewise, in the Irish branch purchases are in Euros.
- Price risk – the cost of goods purchased from the Koç Holding A.S is subject to negotiation with the relevant Koç Holding A.S producer. Market forces operate to ensure an appropriate margin is made by the company.
- Liquidity risk – the principal payments from customers are on shorter terms than those to the Koç Holding A.S suppliers. The risk, therefore, relates to stock levels or a non-payment from customers. There is a seasonal build-up of stock towards mid-year – the greater proportion of sales being in the latter half of the year. Non-payment by customers is largely covered by credit insurance.

Beko plc

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## Strategic Report (continued)

### Employees

The company performance depends on the performance of its staff. The retention of key individuals is essential to ensure the result is not affected. To mitigate these issues, the company has a bonus scheme linked to the company's results that is designed to motivate and retain key individuals. A management program has been implemented to develop future leaders of the company.

Throughout the year, the policy of the Company has been to give full and fair consideration to the employment and/or promotion of all applicants with suitable aptitude, experience and qualifications, irrespective of physical ability or disability, and where reasonable, if/where employees become disabled, to ensure all staff have fair and equal access to training, career development and promotion opportunities whilst in its employment.

The company systematically provides all employees with information on matters of concern to them. In addition, employees are regularly consulted to ensure that their views are taken into account in making decisions that affect their interests.

Approved by the Board on 6/17/2021

and signed on its behalf by:

DocuSigned by:

Ragıp Balcıoğlu

Ragıp Balcıoğlu

Director

6/17/2021

## Directors' Report

The directors present their report and financial statements for the year ended 31 December 2020.

Please refer to "Financial risk management", "Future developments" and "Employees" sections of the Strategic Report for further details.

### Results and dividends

The profits for the financial year amounted to £12,931k (2019: profit of £5,282k). No dividend has been proposed for the year ended 31 December 2020 (2019: £Nil).

### Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives are described above.

The company has significant financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully, despite continuing uncertainties in the economy, including the ongoing Covid-19 pandemic.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Post Balance Sheet Events

The outbreak of Covid-19 continued to stabilise during the first quarter of 2021. This is treated as a non-adjusting event for accounting purposes. The Directors continue to consider the impacts of COVID-19 in assessing and concluding on the Company's going concern, as set out further above. There are no other material events after the reporting period to disclose.

### SECR - Streamlined Energy & Carbon Reporting

From financial years beginning on or after 1 April 2019, large UK companies are required to report publicly on their UK energy use and carbon emissions. This is the first year of SECR reporting for Beko Plc.

#### (a) Scope 1 - Direct emissions

This section includes fuel use from transport (where the journey begins or ends in the UK) as well as the combustion of natural gas. From 1 January 2020 to 31 December 2020 the Scope 1 emissions were 815tCO<sub>2</sub>e.

#### (b) Scope 2 – Indirect emissions

This section includes electricity purchased and used for operations (not including energy sold on). From 1 January 2020 to 31 December 2020 the Scope 2 emissions were 279tCO<sub>2</sub>e.

#### (c) Intensity metric

This section details the SECR Intensity Ratio (IR) for 2020. This is comprised of all emissions associated with the operating activities of Beko Plc and is the ratio of total emissions divided by turnover (tCO<sub>2</sub>e/£m). The IR constitutes a simple measure of energy efficiency, as opposed to total energy or emissions. From 1 January 2020 to 31 December 2020 the intensity ratio was 2.5.

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## Directors' Report (continued)

### SECR - Streamlined Energy & Carbon Reporting (continued)

#### (d) Annual energy efficiency statement

Beko Plc is the wholly owned sales subsidiary of Arcelik A S, a global white goods manufacturer headquartered in Turkey.

The manufacturing facilities in Turkey and Romania are certified as carbon neutral. The energy in these facilities are from 100% renewable sources. All these factories are ISO 50001 accredited and have aggressive energy and water consumption reduction targets.

Arcelik A S is the current industry leader in the Consumer Durables Category of the Dow Jones Sustainability index, a position it has held for 2 years.

The products we sell to consumers are all energy and water efficient. The packaging is 100% recyclable and the products are between 85% and 95% recyclable. A number of these products now use recycled content in production.

As a result of the WEEE directive we have a responsibility to meet Government set targets for recycling products at end of life. To meet that obligation, we are part of one of the largest WEEE compliance schemes and have a member of our staff on the board of that scheme to ensure it behaves responsibly and ethically.

Our warehouse has a zero waste to landfill policy and works with a company to enable them to achieve that.

We work with a partner to recycle redundant spare parts rather than sending them to the waste stream.

We employ software for dynamic routing of deliveries from the warehouse to our customers to minimise carbon impact.

#### (e) Methodology

This report is aligned with the GHG Protocol methodology.

The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. The framework has been in use since 2001, and forms a recognised structured format, to calculate a carbon footprint.

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## Directors' Report (continued)

### Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the year ended 31 December 2020 and remains currently in force. The Company also purchased and maintained, throughout the financial year, Directors' and Officers' liability insurance in respect of itself and its directors.

The directors who were in office during the year and up to the date of signing the financial statements were:

H Bulgurlu  
K F Ebiclioglu  
L Cakiroglu  
R Balcioglu  
M R Koç  
D Reddaway  
P Sen

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



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## Directors' Report (continued)

### Directors' responsibilities (continued)

#### *Directors' confirmations*


In the case of each director in office at the date the Directors' Report is approved:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board

DocuSigned by:  
  
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Ragıp Balcıoğlu

Director

6/17/2021

# **Independent auditors' report**

to the members of Beko plc

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

### **Opinion**

In our opinion, Beko plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprising: the Balance Sheet as at 31 December 2020; the Income Statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **Independent auditors' report**

**to the members of Beko plc**

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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

# Independent auditors' report

to the members of Beko plc

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to income tax, F-Gas and Waste Electrical and Electronic Equipment recycling compliance, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inspection of annual compliance returns and enquiry of management and those charged with governance around any instances of non-compliance with laws and regulations and any actual or potential litigation and claims;
- auditing the risk of management override of controls through testing a selection of journal entries that meet defined criteria such as: unusual account combinations, postings by unusual users or journal entries with unusual words in the descriptions;
- reviewing minutes of meetings of those charged with governance; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent auditors' report**

**to the members of Beko plc**

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Patrick O'Brien (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 June 2021

## Beko plc

**Income statement****For the year ended 31 December 2020**

	Note	2020 £000	2019 £000
Turnover	3	434,616	423,197
Cost of sales		(361,618)	(361,423)
Gross Profit		72,998	61,774
Selling and marketing expenses		(50,198)	(46,603)
Administrative expenses		(6,014)	(7,006)
Research and development		-	(563)
Operating Profit	4	16,786	7,602
Interest receivable and similar income	7	49	208
Interest payable and similar expenses	8	(922)	(1,317)
Other Income	9	88	70
Profit before taxation		15,999	6,563
Tax on profit	10	(3,068)	(1,281)
Profit for the financial year		12,931	5,282

All amounts relate to continuing activities.

The notes on pages 16 to 35 are an integral part of these financial statements.

**Statement of comprehensive income****For the year ended 31 December 2020**

	2020 £000	2019 £000
<b>Profit for the financial year</b>	12,931	5,282
<b>Items that may be subsequently reclassified to profit and loss</b>		
Foreign currency translation difference	(96)	151
Other comprehensive income	-	-
<b>Total comprehensive income for the financial year</b>	12,835	5,433

The notes on pages 16 to 35 are an integral part of these financial statements.

## Beko plc


**Balance sheet**

At 31 December 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	12	2,729	2,735
Tangible assets	13	4,748	4,999
Right-of-use assets	14	23,100	25,788
Investments	15	1,717	1,717
		<u>32,294</u>	<u>35,239</u>
<b>Current assets</b>			
Stocks	16	15,947	25,046
Debtors	17	78,759	60,216
Cash at bank and in hand		79,362	63,830
		<u>174,068</u>	<u>149,092</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(148,392)</u>	<u>(136,063)</u>
<b>Net current Assets</b>		<u>25,676</u>	<u>13,029</u>
<b>Total assets less current liabilities</b>		<u>57,970</u>	<u>48,268</u>
<b>Provisions for liabilities</b>	19	<u>(6,353)</u>	<u>(6,991)</u>
<b>Long term lease liabilities</b>	20	<u>(20,270)</u>	<u>(22,765)</u>
<b>Net Assets</b>		<u>31,347</u>	<u>18,512</u>
<b>Capital and reserves</b>			
Called up share capital	21	500	500
Cumulative translation adjustment		2,422	2,518
Retained earnings		28,425	15,494
<b>Total shareholders' funds</b>		<u>31,347</u>	<u>18,512</u>

The notes on pages 16 to 35 are an integral part of these financial statements.

The financial statements on pages 13 to 35 were approved by the board on 6/17/2021 and signed on its behalf by

DocuSigned by:  
  
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Ragip Balcioglu

Director

Beko Plc - Company Number 02415578

Beko plc

## Statement of changes in equity

For the year ended 31 December 2020

	<i>Called Up Share capital £000</i>	<i>Retained Earnings £000</i>	<i>Cumulative translation adjustment £000</i>	<i>Total share- holders' funds £000</i>
<b>At 1 January 2019</b>	<b>500</b>	<b>24,212</b>	<b>2,367</b>	<b>27,079</b>
Profit for the financial year	—	5,282	—	5,282
Translation gain	—	—	151	151
Other comprehensive income	—	—	—	—
<b>Total comprehensive income</b>	<b>—</b>	<b>5,282</b>	<b>151</b>	<b>5,433</b>
Dividend	—	(14,000)	—	(14,000)
<b>At 31 December 2019</b>	<b>500</b>	<b>15,494</b>	<b>2,518</b>	<b>18,512</b>
Profit for the financial year	—	12,931	—	12,931
Translation loss	—	—	(96)	(96)
Other comprehensive income	—	—	—	—
<b>Total Comprehensive income</b>	<b>—</b>	<b>12,931</b>	<b>(96)</b>	<b>12,835</b>
Dividend	—	—	—	—
<b>At 31 December 2020</b>	<b>500</b>	<b>28,425</b>	<b>2,422</b>	<b>31,347</b>

The notes on pages 16 to 35 are an integral part of these financial statements.



## Notes to the financial statements

For the year ended 31 December 2020

### 1. General information

Beko plc is a private company limited by shares, incorporated and domiciled in England and Wales, which forms part of the United Kingdom. Its registered office is Beko House, 1 Greenhill Crescent, Watford, Hertfordshire, WD18 8QU. Beko plc also has a branch in the Republic of Ireland.

### 2. Summary of significant accounting policies

#### *Authorisation of financial statements*

The financial statements of Beko plc for the year ended 31 December 2020 were authorised for issue by the board of directors on 6/17/2021 and the balance sheet was signed on the board's behalf by Mr Ragip Balcioglu.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Statement of Compliance*

The individual financial statements of Beko plc have been prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and the Companies Act 2006. The company's financial statements have been prepared on a going concern basis, are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of Beko plc are included in the consolidated financial statements of Arçelik A.Ş., a company incorporated in Turkey and listed on the Istanbul Stock Exchange. Arçelik A.Ş. registered office is Karaağaç Cad. No. 2-6, Söğütözü-34445. İstanbul.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Under IFRS 1, Appendix D paragraphs 16 and 17, the entity has elected to measure its assets and liabilities at either the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs as it becomes a first-time adopter later than its parent.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

1. IAS 7, 'Statement of cash flows'.
2. IFRS 7, 'Financial instruments: Disclosures'.
3. Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payments' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
4. Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1
  - Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 2. Summary of significant accounting policies (continued)

#### *Basis of preparation (continued)*

5. The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).
6. Paragraphs 91-99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
7. Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
8. The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
9. Paragraphs 130(f)(ii)-130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS36 Impairments of assets.
10. Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
11. New standards, amendments and IFRIC interpretations.

There are no new accounting standards, or amendments to accounting standards, or IFRIC interpretations, that are effective for the year ended 31 December 2020, that have had any impact on the company.

#### *Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements:

##### *a) Stock provisioning*

The company distributes domestic appliances within the United Kingdom and Republic of Ireland. As a result, it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the stock. See note 15 for the net carrying amount of the stock and associated provision.

## Notes to the financial statements

for the year ended 31 December 2020

### 2. Summary of significant accounting policies (continued)

#### *Judgements and key sources of estimation uncertainty (continued)*

##### *b) Impairment of trade receivables*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See note 17 for the net carrying amount of the receivables and the associated impairment provision.

### Accounting Policies

#### **2.1 Consolidation**

The company is a 51% owned by Arçelik A.Ş and 49% owned by Ardutch BV, which is wholly owned by Arçelik AS. Therefore, it is 100% included in the consolidated financial statements of Arçelik A.S., which are publicly available. The company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Karaağaç Cad. No. 2-6, Sütlüce-34445. İstanbul, Turkey.

These financial statements are separate financial statements.

#### **2.2 Intangible Assets**

##### *Brand*

Intangible assets (IAS 38) are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortised but assessed for impairment at each reporting period).

IAS 38 requires an intangible asset to be regarded as having an indefinite life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Intangible assets with indefinite useful lives are not amortised.

##### *Computer software*

Costs associated with purchasing computer software programmes are recognised as an expense as incurred. Costs recognised as assets are amortised over their estimated useful lives, which ranges from one to five years.

#### **2.3 Research and development**

Research costs are expensed as incurred via a cost recharge to Arçelik A.S.

Beko plc's research and development is centred on developing innovative solutions for the home, focusing on intelligent product technologies, advanced materials that improve the overall product performance and progressive Manufacturing. This aims to cement Beko plc's position as a leader of innovation within the home appliance sector.

# Notes to the financial statements

for the year ended 31 December 2020

## 2. Summary of significant accounting policies (continued)

### 2.4 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	over 15 years or life of the lease if lower
Motor vehicles	–	over 3 to 5 years
Plant and machinery	–	over 5 to 15 years
Office equipment	–	over 1 to 7 years
Buildings	–	over 50 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required they are made prospectively.

### 2.5 Impairment of non-financial assets

Non-financial assets that are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

### 2.6 Investments

Investments in subsidiaries are stated at cost less provision for impairment.

### 2.7 Investment impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

### 2.8 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

## Notes to the financial statements

for the year ended 31 December 2020

### 2. Summary of significant accounting policies (continued)

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant. /

#### (b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

#### 2.9 Stocks

Stocks are valued at the lower of cost or net realisable value. Cost is determined using the moving average price method. Net realisable value is based on estimated selling price less any further costs expected to be incurred to sale. Provision is made for obsolete or slow-moving items where appropriate.

#### 2.10 Trade and other receivables

Trade receivables, which generally have 30 – 60 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for expected credit loss is made based on the expected credit loss. Balances are written off when the probability of recovery is assessed as being remote.

#### 2.11 Debt factoring arrangement

Debt factoring and invoice discounting are used to manage liquidity.

The Company has entered into a factoring agreement to transfer, without recourse certain receivables to an unrelated third party financial institution, whilst continuing to receive customer's payments, manage its own sales ledger and credit control activities.

The factoring agreement involves the invoice discounter advancing Beko plc 100% of invoice value, less interest charge. The company is required to repay the discounter as funds are collected at which continuing involvement will be reduced to zero.

IFRS 9 requires application of the de-recognition tests to part of an asset when a pro-rata share of the cash flows is transferred.

#### 2.12 Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

## Notes to the financial statements

for the year ended 31 December 2020

### 2. Summary of significant accounting policies (continued)

#### 2.13 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability.

Provisions for the expected costs of maintenance under guarantees, spares and returns are charged against profits when products have been invoiced.

Beko plc recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period. The accrual is measured at the salary cost payable for the period of absence.

#### 2.14 Leases

IFRS 16 'Leases' was first applicable for reporting periods beginning on or after 1 January 2019. It has resulted in almost all the company's leases being recognised on the balance sheet, as the distinction between operating and financial leases was removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals have been recognised. The only exceptions are short term and low value leases.

The standard has primarily affected the accounting for the company's operating leases. The company has continued to adopt the modified retrospective approach including an exemption for leases with terms ending inside one year of the date of initial application.

#### 2.15 Share Capital

Ordinary shares are classified as equity. Beko plc only has one category of share capital, namely ordinary shares.

#### 2.16 Revenue recognition (Turnover)

Revenue is recognised at a point in time when performance obligations have been satisfied and for the company that is when goods have transferred to the customer and the customer has title of these. Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the invoiced value, which is the amount receivable, of goods delivered/received by the customer less discounts, sales returns and commissions and excluding sales taxes.

The company's primary activities are described in detail below.

##### *Sale of goods*

The company's parent company manufactures a range of small and medium sized domestic appliances. The company purchases these products from the parent company, for resale within the UK and Republic of Ireland. Sales are recognised when title of the products has transferred to the customer, being when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled performance obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

## Notes to the financial statements

for the year ended 31 December 2020

### 2.Summary of significant accounting policies (continued)

#### 2.16 Revenue recognition (Turnover) (continued)

The company is satisfied that all criteria related to revenue recognition have been fulfilled.

The products are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made under normal credit terms. The company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 19.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Under IFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue in trade and other creditors. At the same time, Beko plc has a right to recover the product from the customer where the customer exercises his right of return and recognises an asset and a corresponding adjustment to cost of sales. The asset is measured by reference to the former carrying amount of the product.

#### 2.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

##### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred taxes*

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

for the year ended 31 December 2020

### 2. Summary of significant accounting policies (continued)

#### 2.17 Current and deferred taxation (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.18 Foreign currencies

The financial statements are prepared in Pounds Sterling, which is also the company's functional currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate.

All differences are taken to the profit and loss account.

#### 2.19 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### 2.20 Branch currency translation

The company has a foreign branch in the Republic of Ireland trading in Euros. The results of the branch for the year are translated at the exchange rate ruling at each transaction date, while the assets and liabilities of the branch are translated at the ruling exchange rate at the balance sheet date. Any resulting exchange differences are recognised as a separate component of equity.

#### 2.21 Leasing and hire purchase commitments

Rentals paid under leases are charged to the income statement on a straight-line basis as depreciation of Right-of-use assets over the lease term.

#### 2.22 Pensions

Contributions to employees' personal pension schemes are charged to the profit and loss account in the year in which they become due. The group does not operate its own pension scheme.



## Notes to the financial statements

for the year ended 31 December 2020

### 2. Summary of significant accounting policies (continued)

#### 2.23 IFRSs not applied

The directors do not currently anticipate that the adoption of any other standard or interpretation that has been issued but is not yet effective will have a material impact on the financial statements of the company in future periods.

### 3. Turnover

Turnover, which is stated net of discounts and value added tax, represents amounts invoiced to third parties and fellow group undertakings, and is attributable to the distribution of domestic electrical goods, and service and repair of products under warranty.

An analysis of turnover by geographical market is given below:

	2020 £000	2019 £000
United Kingdom	414,545	402,154
Rest of the world	20,071	21,043
	<u>434,616</u>	<u>423,197</u>

See accounting policy note on IFRS 15 Revenue recognition. There are no material assets or liabilities related to contracts with customers.

### 4. Operating Profit

This is stated after charging/(crediting):

	2020 £000	2019 £000
Auditors' remuneration – audit services	63	56
– non-audit services (tax compliance)	13	-
Amortisation	6	5
Depreciation of tangible fixed assets	371	384
Foreign exchange	(218)	276
Obsolete stock write-down	65	76
Research and development	-	563
Operating lease rentals – land and buildings	18	34

The auditors have not provided non-audit services to the company in 2020 and 2019.

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 5. Directors' Remuneration

	2020 £000	2019 £000
Remuneration	-	-
Company contributions paid to money purchase pension schemes	-	-
	-	-

The amounts in respect of the highest paid director are as follows:

	2020 £000	2019 £000
Remuneration	-	-
Company contributions paid to money purchase pension schemes	-	-

Remuneration for directors has been borne by a related company. These directors are also directors or officers of other companies within Koç Holding A.S.

### 6. Staff costs

	2020 £000	2019 £000
Wages and salaries	14,946	15,552
Social security costs	1,715	1,657
Other pension costs	838	850
	<u>17,499</u>	<u>18,059</u>

The average monthly number of employees during the year was made up as follows:

	2020	2019
Selling and marketing	284	258
Administration	39	35
Research and development	3	4
	<u>326</u>	<u>297</u>

### 7. Interest receivable and similar income

	2020 £000	2019 £000
Bank deposits	49	208
	<u>49</u>	<u>208</u>

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 8. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on bank accounts	20	15
Interest related to factoring activities	235	571
Interest related to IFRS-16 leases	667	731
	<u>922</u>	<u>1,317</u>

### 9. Other income and expenses

	2020 £000	2019 £000
Asset disposals	-	11
Intercompany royalties	-	-
Royalties received from third parties	-	52
Research and development recharge	23	-
Research and development funding	65	83
Stock provision	-	(76)
	<u>88</u>	<u>70</u>

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 10. Tax on profit

#### (a) Tax on profit

The tax on profit is made up as follows:

	2020 £000	2019 £000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	3,057	1,282
Adjustments in respect of previous periods	11	(1)
<b>Tax on profit</b>	<b>3,068</b>	<b>1,281</b>

#### (b) Factors affecting tax profits for the year

The tax assessed for the year is in line with the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). In 2020, the tax assessed for the year differed from the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The difference is explained below:

	2020 £000	2019 £000
Profit before tax	15,999	6,563
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	3,040	1,247
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4	25
Accelerated capital allowances/other timing differences	13	10
Adjustments in respect of previous periods	11	(1)
<b>Total tax for the year (note 10(a))</b>	<b>3,068</b>	<b>1,281</b>

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 10. Tax on profit (continued)

#### (c) Deferred tax

The deferred tax liability recognised in the financial statements is as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(169)	(106)
Other short-term timing differences	(1)	(2)
Deferred tax liability (note 18)	<u>(170)</u>	<u>(108)</u>

	2020 Deferred Tax Other £000	2020 Deferred Tax IFRS16 £000	2020 Total £000	2019 Deferred Tax Other £000	2019 Deferred Tax IFRS16 £000	2019 Total £000
At 1 January 2020	(47)	(61)	(108)	(64)	-	(64)
Deferred tax Movement	(13)	(49)	(62)	17	(61)	(44)
At 31 December 2020	(60)	(110)	(170)	(47)	(61)	(108)

There is no unrecognised deferred tax asset (2019: £nil).

#### (d) Factors that may affect future tax charges

During the Budget of 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. During the Budget of 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. The decreases in tax rate expected at 1 April 2020 did not come into effect, instead the rate of 19% was maintained. During the budget of 2021, the Chancellor has confirmed an increase in the Corporation Tax rate from 19% to 25% percent, with effect from 1 April 2023.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Beko plc

# Notes to the financial statements

for the year ended 31 December 2020

## 11. Dividends

	2020 £000	2019 £000
Dividend distributed	-	14,000

No dividend has been proposed for the year ending 31 December 2020. Any recommended payment is subject to approval by shareholders at the AGM.

In 2019, a dividend of £14,000k, relating to the year ended 31 December 2018 was paid.

## 12. Intangible assets

	Intangibles £000	Software £000	Total £000
<b>Cost:</b>			
At 1 January 2020	4,475	352	4,827
Additions	-	-	-
Disposals	-	-	-
At 31 December 2020	4,475	352	4,827
<b>Accumulated amortisation:</b>			
At 1 January 2020	1,759	333	2,092
Charge for the year	-	6	6
Disposals	-	-	-
At 31 December 2020	1,759	339	2,098
Net book value:			
At 31 December 2020	2,716	13	2,729
At 31 December 2019	2,716	19	2,735

### True and fair view disclosure

The Leisure brand is considered an intangible asset, having an indefinite useful life, the carrying amounts and reasons supporting the assessment of an indefinite useful life are below:

Beko plc has carried out an annual impairment review based on its actual and forecasted sales figures of the Leisure brand.

This has resulted in the conclusion to disclose Leisure at the same value held within the Group's financial statements.

The non-amortisation of indefinite life assets required by IFRS 3 conflicts with paragraph 22 of Schedule 1 to the Regulations (Companies Act 2006) which requires acquired indefinite life assets to be amortised over their useful economic life. Previous UK GAAP used an indefinite life for intangible assets and therefore, the directors consider it appropriate to invoke a true and fair override as permitted by paragraph 10(2) of Schedule I of the Regulations, in order to also remain consistent with the Group's accounting policies, which are in accordance with IFRS as adopted by the European Union.

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 13. Tangible assets

	<i>Leasehold improve- ments £000</i>	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Office equipment £000</i>	<i>Buildings £000</i>	<i>Total £000</i>
Cost:						
At 1 January 2020	2,256	162	401	2,217	4,440	9,476
Additions	-	-	3	87	30	120
Disposals	-	-	-	-	-	-
Currency revaluation	29	-	-	5	-	34
At 31 December 2020	2,285	162	404	2,309	4,470	9,630
Accumulated Depreciation:						
At 1 January 2020	1,159	137	345	1,959	878	4,478
Charge for the year	130	19	16	108	98	371
Disposals	-	-	-	-	-	-
Currency revaluation	28	-	-	5	-	33
At 31 December 2020	1,317	156	361	2,072	976	4,882
Net book value:						
At 31 December 2020	968	6	43	237	3,494	4,748
At 31 December 2019	1,097	26	56	258	3,562	4,999

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 14. Right-of-use assets

	<i>Buildings - Leased £000</i>	<i>Machinery, equipment and installations - Leased £000</i>	<i>Motor vehicles - Leased £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2020	26,924	944	847	28,715
Additions	-	-	288	288
Disposals	-	-	-	-
Currency revaluation	34	-	3	37
At 31 December 2020	26,958	944	1,138	29,040
Accumulated Depreciation:				
At 1 January 2020	2,607	138	182	2,927
Charge for the year	2,611	139	260	3,010
Disposals	-	-	-	-
Currency revaluation	3	-	-	3
At 31 December 2020	5,221	277	442	5,940
Net book value:				
At 31 December 2020	21,737	667	696	23,100
At 31 December 2019	24,317	806	665	25,788



## Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 15. Investments

	2020 £000
Cost and net book value	
At 1 January 2020 and 31 December 2019	1,717
Additions	-
Disposals	-
At 31 December 2020	1,717

On the 6th January 2016 Beko plc acquired 100% of the voting shares of Beko US Inc., a private company incorporation in the USA. Beko US Inc. was acquired for the consideration of USD 100 satisfied in 1,000 shares valued at \$0.1, each having a par value of \$0.1.

On 10 May 2016, Beko US Inc. issued 2,500 shares of the Corporation's Common Stock at \$1,000 per share and it has been fully paid by Beko plc.

The principal activity of Beko US Inc. is import, export and all activities relating to marketing and sale of household appliances and electronics.

The address of Beko US Inc. is: Beko US Inc., 1115 Hosler Drive, Bolingbrook, IL 60490, USA.

### 16. Stock

	2020 £000	2019 £000
Finished goods and goods for resale	15,947	25,046

Inventories are stated after provisions for impairment of £301k (2019: £447k). The movement in the provision is recognised in cost of sales.

## Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

## 17. Debtors

	2020 £000	2019 £000
Trade receivables	75,028	55,105
Amounts owed by fellow group undertakings	2,274	2,240
Other receivables	1,457	2,871
	<u>78,759</u>	<u>60,216</u>

Amounts due by fellow group undertakings are unsecured, interest free and are repayable on normal credit terms or on demand.

	2020 £000	2019 £000
Gross trade receivables	126,974	128,445
Amounts received from factoring company	(51,946)	(73,340)
Trade receivables	<u>75,028</u>	<u>55,105</u>

Trade receivables are stated after provisions for expected credit loss of £43k (2019: £15k).

	Current £000	More than 30 days past due £000	More than 60 days past due £000	More than 90 days past due £000	Total £000
<b>31 December 2020</b>					
Expected loss rate	0.0%	0.0%	0.0%	36.3%	0.0%
Gross carrying amount	125,673	1,172	247	(118)	126,974
Provision for doubtful debts	-	-	-	(43)	(43)

	Current £000	More than 30 days past due £000	More than 60 days past due £000	More than 90 days past due £000	Total £000
<b>31 December 2019</b>					
Expected loss rate	0.0%	0.0%	0.0%	37.4%	0.0%
Gross carrying amount	126,356	2,088	(38)	39	128,445
Provision for doubtful debts	-	-	-	(15)	(15)

Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 17. Debtors (continued)

	2020	2019
	£000	£000
<i>Movements in the allowance for doubtful debts were as follows:</i>		
Balance as at 1 January	15	15
Receivables written off during the year as uncollectible	27	-
Currency translation adjustment	-	-
Balance as at 31 December	<u>43</u>	<u>15</u>

Amounts are written off against the provision once it becomes clear that no further recovery is likely to occur.

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

	2020	2019
	£000	£000
Trade payables	8,017	9,959
Amounts due to fellow group undertakings	99,254	85,931
Short term lease liabilities (note 20)	3,418	3,350
Corporation tax	231	302
Deferred tax liability (note 10(c))	170	108
Other taxes and social security costs	10,296	8,540
Accruals	27,006	27,873
	<u>148,392</u>	<u>136,063</u>

Amounts due to fellow group undertakings are unsecured, interest free and are repayable on normal credit terms.

Trade payables £8,017k (2019: £9,959) includes £5,194k (2019: £7,333) due to the factoring loan company.

### 19. Provisions for liabilities

	2020	2019
	£000	£000
<i>Guarantees &amp; Warranties</i>		
At 1 January	6,991	6,693
Arising during the year	11,191	6,984
Utilised during the year	(11,829)	(6,685)
At 31 December	<u>6,353</u>	<u>6,991</u>

Provisions have the potential to be utilised within the next 12 months and are based upon historic patterns of returns and warranty repairs. There are no expected reimbursements.

Changes in year on year movements are due to change in estimation.

## Beko plc

## Notes to the financial statements

for the year ended 31 December 2020

### 20. Lease liabilities

	<i>Short term</i>	<i>Long term</i>	<i>Total</i>	<i>Total</i>
	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January	3,350	22,765	26,115	-
Recognised on transition to IFRS16	-	-	-	28,782
Additions	59	249	308	23
Arising during the year	143	550	693	730
Utilised during the year	(134)	(3,294)	(3,429)	(3,420)
At 31 December	3,418	20,270	23,688	26,115

### 21. Called up share capital

		<i>2020</i>		<i>2019</i>
	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	500,000	500	500,000	500

### 22. Related party transactions

The company has taken advantage of the exemption in IAS24, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transaction is wholly owned by the ultimate controlling party.

### 23. Ultimate parent undertaking and controlling party

In the opinion of the directors, Koç Holding A.S, a company registered in Turkey, is the ultimate controlling party. The Board consider Beko plc to be a subsidiary of Arçelik A.S, which is referred to as the controlling party. Arçelik A.S is a subsidiary of Koç Holding A.S.

The parent of the largest and smallest group producing publicly available financial statements in which these financial statements are consolidated is Koç Holding A.S These financial statements are available from Beko plc, Beko House1 Greenhill Crescent, Watford, Hertfordshire WD18 8QU.

### 24. Changes in accounting policies

There were no changes in accounting policies.

### 25. Post Balance Sheet Events

The outbreak of Covid-19 continued to stabilise during the first quarter of 2021. This is treated as a non-adjusting event for accounting purposes. There are no other material events after the reporting period to disclose.