

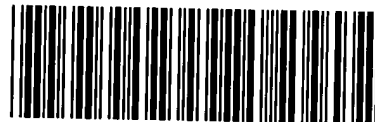
**Carlsberg UK Holdings Limited**

**Annual report and financial statements**

Registered number 0867160

For the year ended 31 December 2020

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## **Contents**

Strategic Report	1
Directors' Report	3
Statement of directors' responsibilities	5
Independent auditors' report to the members of Carlsberg UK Holdings Limited	6
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the financial statements	13

## **Strategic Report**

### **Principal activities**

The Company's principal business activity is that of an investment holding company for subsidiary undertakings that produce, deliver and sell beer and other alcoholic beverages in the UK and Lithuanian markets.

### **Business review**

On the 30 October 2020 Carlsberg UK Holdings Limited established a new joint venture with Marston's Trading Limited, forming Carlsberg Marston's Brewing Company Limited with a 60% ownership. Carlsberg UK Limited and Marston's Beer Company Limited are included within the joint venture group. This historic moment sees over 300 years of brewing heritage brought together into one business and combining the best of both brewers to create a better beer company. The Company is in the process of integration and the Directors look forward to the synergies and growth opportunities ahead. Although the results of the Companies within the Group being significantly impacted by the Coronavirus pandemic, including enforced closure and subsequent trading restrictions in the On-Trade, the Directors are confident no impairment provision is required for the investments held at the year end.

Management have recognised an indemnification liability and associated reimbursement asset of £113,598,000 in the current year, these are linked to certain obligations held in indirect subsidiaries, Carlsberg UK Limited and Carlsberg Supply Company UK Limited. An annual review of these assets and liabilities will be undertaken to ensure we are assessing the fair value of the assets and liabilities.

During the year the Company issued 1 ordinary share of £1 for cash consideration of £155,933,280.

As part of the new joint venture a restructure was performed which resulted in the sale of investments in Carlsberg UK Limited and Svyturys-Utenos Alus Holding UAB. These sales resulted in a profit on sale of £3,425,000 in the year. The Directors reviewed the company's investment in Carlsberg UK Limited as part of the process and based on these events the Directors have determined that a reversal of a previously recognised impairment provision of £218,216,000 should be recognised in the financial statements to 31 December 2020 (refer to note 7).

### **Coronavirus update**

Since the balance sheet date, there has continued to be significant macro-economic uncertainty as a result of the Coronavirus pandemic, the scale and duration of which inherently remains uncertain. This has had a significant impact on the business as demonstrated in the business review section above. The directors continue to monitor and react to the situation and have contingency plans in place to safeguard our employees and to mitigate the continuing risks. These plans have been continually adapted as the situation evolved over the past financial year and still continue to be adapted. The Company is an investment holding company with limited cashflows, however the directors have reviewed the assets and liabilities, along with the financial health of the underlying entities and are satisfied that with the continued support of Carlsberg Group the Company should be able to trade through the issue. The judgement of no impairment provision being required still holds. Given the nature of this Company, the situation is not considered to impact the financials presented in these financial statements and the directors believe it is still reasonable to prepare these financial statements on a going concern basis (see accounting policy 1.2 for further consideration).

### **Key performance indicators**

Owing to the nature of the Company's activities, there are no Key Performance Indicators. The directors consider the Company's performance to be satisfactory. The future activities of the Company are expected to continue to be that of an investment holding company.

### **Financial review**

The Company does not generate revenue. Dividends of £nil (2019: £nil) were received from shares in group undertakings. The profit for the year amounted to £215,877,000 (2019: loss of £5,266,000).

The net assets as at 31 December 2020 are £398,598,000 (2019: £26,788,000).

## **Strategic Report** *(continued)*

### **Principal risk and uncertainties**

The principal risk to the Company is the performance of the owned subsidiary undertakings. This risk is managed by constantly reviewing the performance of the underlying investment companies.

### **Going concern**

These financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is in a net asset position and does not expect to incur material cash losses in the future. As discussed in the Business Review section of the Strategic Report, the Directors have considered the impact of the Coronavirus, as the Company is an investment holding company with limited cashflows it is not expected to incur significant impact. The group, of which the Company is part of, is well financed and highly profitable and is likely to provide funding in the future, if required. The parent, Carlsberg Breweries A/S, has agreed to provide such financial support as required by the company to meet its financial liabilities as they fall due. The directors have made enquiries of their parent and are satisfied with their ability to provide financial support. The financial support is in place for a period of 12 months from the date of approval of these financial statements.

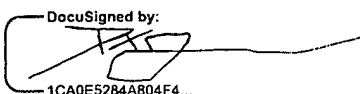
### **Section 172(1) statement**

Our governance framework aims to ensure active business management across the Company and the reduction of risk. The Carlsberg Group has policies for a number of key areas, including, but not limited to, anti-bribery & corruption, competition law, trade sanctions, data protection, risk management, labour & human rights, diversity & inclusion, finance, marketing and corporate communication, responsible drinking and public & government affairs. The management team are responsible for ensuring they have an adequate system and resources in place to ensure compliance with these policies. The Directors of the Company are responsible for the identification, evaluation, qualification, recording and reporting of the risks identified. The Company follows the same principles and methodology as those assessed by the Carlsberg Group-level risk assessment, as well as any further local risks. The responsibility lies with the VP Finance, to ensure that risk management is incorporated into relevant management meetings, business review and key decision-making. Following the risk identification, local risk owners are assigned and given responsibility for mitigating the risks through a programme of risk management activities. Review of the risks is a continual process.

### **Future developments**

The company expects to continue as an investment holding company.

On behalf of the board

DocuSigned by:  
  
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**P Davies**  
*Director*

Date: 22 July 2021

Jacobsen House  
140 Bridge Street  
Northampton  
NN1 1PZ

## **Directors' Report**

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

### **Results**

The profit for the year, after taxation, amounted to £215,877,000 (2019: loss of £5,266,000).

### **Directors**

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

P Davies (appointed 5 November 2020)

G Fewkes (appointed 1 March 2021)

T Blawat (resigned 5 November 2020)

C Lundgren

J Pastuszka (appointed 13 August 2020, resigned 1 March 2021)

A Kirk

S Stringer (resigned 13 August 2020)

S Perry

R Kataria

### **Employee engagement statement**

The company's policy is to consult and discuss with employees, at meetings and conferences, matters likely to affect the employees' interests. Information on matters of concern and interest to employees is given through information bulletins, intranet sites, reports (including a monthly briefing and a quarterly newspaper) quarterly town hall run by the CEO which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### **Statement of engagement with suppliers, customers and others in a business relationship with the company**

As an investment holding company we work with the Companies within our ownership to ensure accurate information forms the basis of the investment valuations. This process includes an annual review of the profitability of our investments to confirm the value to this Company.

### **Climate Change**

During the year, our top priority was the health and wellbeing of our employees, while at the same time taking the actions required to protect the financial health of our business this year and capture long-term growth opportunities for the future. Despite the challenges posed by COVID-19, our strategic priorities and ambitions remain intact, underpinned by our ongoing commitment to responsibility and sustainability. Carlsberg Group produce a group wide Sustainability Report which describes the approach and performance on our most material social, environmental and ethical issues for the financial year 1 January to 31 December 2020. A copy of the report can be downloaded from [carlsberggroup.com](https://carlsberggroup.com).

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2019: £nil).

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2019: £nil).

## **Directors' Report** *(continued)*

### **Financial risk management**

The Company complies with the Carlsberg Group's Financial Risk Management Policy which is integrated into the overall UK risk management process. This ensures appropriate control of credit, liquidity, cashflow and price risk.

### **Employees**

The Company had no employees during the year (2019: nil).

### **Future developments**

See Strategic Report on page 2.

### **Going concern**

See Strategic Report on page 2.

### **Funding arrangements**

The company is part of the Carlsberg A/S Group's funding arrangements, the entity is administered to ensure it receives the funds it requires in order to meet its obligations. Receipts and payments between fellow group companies are transacted via the intercompany loan accounts. Any other receipts and payments are transacted through the company bank accounts. These accounts form part of the Group facility and the global banking arrangements.

### **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 on as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is 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.

### **Disclosure of information to auditor**

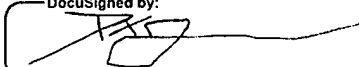
In the case of each director in office at the date the Directors' Report is approved so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent Auditors**

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

The financial statements on pages 10 to 20 were approved by the Board of Directors on 22 July 2021 and signed on its behalf by

On behalf of the board

DocuSigned by:  
  
1CA0E5284A804F4...  
**P Davies**  
Director

Date: 22 July 2021

Jacobsen House  
140 Bridge Street  
Northampton  
NN1 1PZ

## **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

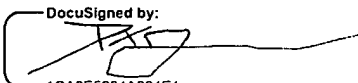
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

On behalf of the board

DocuSigned by:  
  
1CA0E5284A804F4...  
**P Davies**  
Director

Date: 22 July 2021

Jacobsen House  
140 Bridge Street  
Northampton  
NN1 1PZ

## ***Independent auditors' report to the members of Carlsberg UK Holdings Limited***

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

#### **Opinion**

In our opinion, Carlsberg UK Holdings Limited'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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and Loss Account and 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.

#### **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.



## ***Independent auditors' report to the members of Carlsberg UK Holdings Limited (continued)***

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

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

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

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

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

## ***Independent auditors' report to the members of Carlsberg UK Holdings Limited (continued)***

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK taxation legislation and the Companies Act 2006, 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 the manipulation of accounting estimates which could be subject to management bias and the posting of unusual journals. Audit procedures performed by the engagement team included:

- Understanding and evaluating the key elements of the company's internal control related to estimates
- Reviewing accounting estimates for bias and validating the support behind the assumptions and judgements made by management including challenging against possible alternatives
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Reviewing legal expense accounts, board minutes and in-house legal counsel documentation
- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management
- Substantive testing of journal entries, particularly focused around journals which have unexpected account relationships
- Incorporating elements of unpredictability

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.

## **Other required reporting**

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

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

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

We have no exceptions to report arising from this responsibility.

*Carlsberg UK Holdings Limited  
Annual report and financial statements  
For the year ended 31 December 2020*

***Independent auditors' report to the members of Carlsberg UK Holdings Limited (continued)***

DocuSigned by:

*Matthew Walker*

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Matthew Walker (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

22 July 2021

**Profit and Loss Account**  
 For the year ended 31 December 2020

	Note	2020 £000	2019 £000
Administrative (expense)/income		(2,095)	2,765
Profit on sale of subsidiary undertaking	4	3,425	-
Reversal of impairment of investment in subsidiary undertaking	7	218,216	-
<b>Operating profit</b>	2	<b>219,546</b>	<b>2,765</b>
Interest payable and similar expenses	5	(5,807)	(8,031)
<b>Profit/(Loss) before taxation</b>		<b>213,739</b>	<b>(5,266)</b>
Tax on profit/(loss)	6	2,138	-
<b>Profit/(Loss) for the financial year</b>		<b>215,877</b>	<b>(5,266)</b>

All of the above amounts relate to continuing operations.

There is no other comprehensive income for 2020 or 2019 other than that recorded in the Profit and loss account.

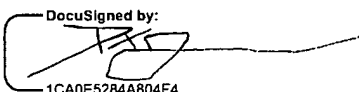
The notes on pages 13 to 20 form part of these financial statements.

**Balance Sheet**  
*At 31 December 2020*

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Investments	7	412,250	248,625
<b>Current assets</b>			
<b>Debtors:</b> amounts falling due within one year	8	8,186	5
<b>Creditors:</b> amounts falling due within one year	9	(13,838)	(221,842)
<b>Net current liabilities</b>		(5,652)	(221,837)
<b>Debtors:</b> amounts falling due greater than one year	8	105,598	-
<b>Total assets less current liabilities</b>		512,196	26,788
Provisions for liabilities	10	(113,598)	-
<b>Net assets</b>		398,598	26,788
<b>Capital and reserves</b>			
Called up share capital	11	210,104	210,104
Share premium account		255,833	99,900
Profit and loss account		(67,339)	(283,216)
<b>Total Shareholders' funds</b>		398,598	26,788

The notes on pages 13 to 20 form part of these financial statements.

These financial statements on pages 10 to 20 were approved by the board of directors on 22 July 2021 and were signed on its behalf by:

DocuSigned by:  
  
 1CA0E5284A804F4...  
**P Davies**  
*Director*

Company registered number: 0867160

**Statement of Changes in Equity**  
*For the year ended 31 December 2020*

	<b>Called up Share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2019	210,104	99,900	(277,951)	32,053
Loss for the financial year ended 31 December 2019	-	-	(5,265)	(5,265)
Balance at 31 December 2019	<u>210,104</u>	<u>99,900</u>	<u>(283,216)</u>	<u>26,788</u>

	<b>Called up Share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2020	210,104	99,900	(283,216)	26,788
Profit for the financial year ended 31 December 2020	-	-	215,877	215,877
Issue of shares	-	155,933	-	155,933
Balance at 31 December 2020	<u>210,104</u>	<u>255,833</u>	<u>(67,339)</u>	<u>398,598</u>

There was no other income other than that recorded in the Profit and loss account.

The notes on pages 13 to 20 form part of these financial statements.

## Notes to the financial statements

### For the year ended 31 December 2020

#### 1 Accounting policies

Carlsberg UK Holdings Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England. The address of its registered office of the Company is Jacobsen House, 140 Bridge Street, Northampton, NN1 1PZ.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Carlsberg A/S includes the Company in its consolidated financial statements. The consolidated financial statements of Carlsberg A/S are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from The Information Centre, Carlsberg A/S, J. C. Jacobsens Grade 1, DK-1799 Copenhagen V, Denmark. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Carlsberg A/S include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

These financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is in a net asset position and does not expect to incur material cash losses in the future. As discussed in the Business Review section of the Strategic Report, the Directors have considered the impact of the Coronavirus, as the Company is an investment holding company with limited cashflows it is not expected to incur significant impact. The group, of which the Company is part of, is well financed and highly profitable and is likely to provide funding in the future, if required. The parent, Carlsberg Breweries A/S, has agreed to provide such financial support as required by the company to meet its financial liabilities as they fall due. The directors have made enquiries of their parent and are satisfied with their ability to provide financial support. The financial support is in place for a period of 12 months from the date of approval of these financial statements.

#### 1.3 Foreign currency

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

## Notes to the financial statements (*continued*)

### 1 Accounting policies (*continued*)

#### 1.4 Taxation

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

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

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

#### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

A provision is made for impaired fixed assets when its carrying amount exceeds its recoverable amount caused by a clear consumption of economic benefits or a revision of the assumption of the assets future economic benefit to the business. An assets recoverable amount is defined as the higher of net realisable value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

#### 1.6 Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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

#### 1.7 Funding arrangements

The company is part of the Carlsberg A/S Group's funding arrangements, the entity is administered to ensure it receives the funds it requires in order to meet its obligations. Receipts and payments between fellow group companies are transacted via the intercompany loan accounts. Any other receipts and payments are transacted through the company bank accounts. These accounts form part of the Group facility and the global banking arrangements.

#### 1.8 Provisions for liabilities

Provision for liabilities are initially recognised at fair value on the date the provision arises and are subsequently re-measured at their fair value. Changes in the fair value are recognised in the profit and loss account as appropriate. Provision for liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### 1.9 Basic financial instruments

In accordance with FRS 102 there is a choice of accounting standards entities can apply for the recognition and measurement of financial instruments. The Company is applying section 11 and 12 of FRS 102 in full, subject to the exemptions available noted above. In accordance with FRS 102 there is a choice of accounting standards entities can apply for the recognition and measurement of financial instruments. The Company is applying section 11 and 12 of FRS 102 in full, subject to the exemptions available noted above.



## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### 1.9 Basic financial instruments (continued)

##### *Other debtors / creditors*

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### 1.10 Related parties

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

#### 1.11 Reimbursement asset

Reimbursement assets are initially recognised at fair value when the Company is virtually certain that another party will reimburse the expenditure required to settle an obligation and are subsequently re-measured at their fair value, with changes in value are recorded in the profit and loss account.

#### 1.12 Critical accounting judgements and estimation uncertainty

The preparation of the 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 revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. In addition to the potential impact of the on-going Coronavirus pandemic, which has been considered as part of all judgements and estimates, the following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

##### *Investment in a subsidiary*

**Judgement** – An annual review of investments has been undertaken which includes assessing each subsidiary based on its net assets along with management's knowledge of the business and of its future plans, to establish whether the carrying value of the investment should be impaired, or whether any impairment previously applied to the carrying value should be reversed (see note 7).

**Estimate** – Investment carrying value - Management have based the calculations upon detailed projections of the profitability of the subsidiary. The most significant area of estimate relates to forecast profitability of this entity (see note 7).

##### *Indemnification liability*

**Judgement** – Management have recognised a liability in the current year. An annual review of the indemnity liability will be undertaken which will include reassessing the fair value of the liability (note 10). The liability is also linked to judgements in the indirect subsidiaries of Carlsberg UK Limited and Carlsberg Supply Company UK Limited.

**Estimate** – Management will determine the liability by aggregating the expected or actual liabilities based on future cashflows.

##### *Reimbursement asset*

**Judgement** – Management have recognised an asset in the current year. An annual review of the indemnity asset will be undertaken which will include reassessing the fair value of the asset (note 8). The asset is also linked to judgements in the indirect subsidiaries of Carlsberg UK Limited and Carlsberg Supply Company UK Limited. Management believe due to having a contract in place it is virtually certain a reimbursement will be made and therefore an asset has been recognised to match the indemnification liability above.

**Estimate** – Management will determine the asset by aggregating the expected or actual asset based on future cashflows.

## Notes to the financial statements (continued)

### 2 Operating profit

Included in operating profit are the following:

	2020 £000	2019 £000
(Loss)/profit on foreign exchange	(2,095)	2,765
Reversal of impairment of investment in subsidiary undertaking	218,216	-
	<u>218,216</u>	<u>-</u>

The Directors reviewed the company's investment in Carlsberg UK Limited as part of the process related to the sale of Carlsberg UK Limited. Based on these events the Directors have determined that a reversal of a previously recognised impairment provision of £218,216,000 should be recognised in the financial statements to 31 December 2020 (refer to note 7).

The Company audit fee of £7,145 (2019: £3,000) was borne by another group company.

### 3 Staff numbers and costs

The Company has no employees other than the directors (2019: nil).

The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and the remuneration is deemed to be wholly attributable to their services to fellow group companies. Accordingly, no remuneration is disclosed.

### 4 Profit on sale of subsidiary undertaking

	2020 £000	2019 £000
Profit on sale of subsidiary undertaking	3,425	-
	<u>3,425</u>	<u>-</u>

On 28 October 2020, the Company received proceeds on the sale of its subsidiary Svyturys-Utenos Alus Holding UAB for which it received cash consideration of £157,261,000.

### 5 Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable to group undertakings	5,807	8,031
	<u>5,807</u>	<u>8,031</u>

### 6 Tax on profit/(loss)

Total tax income/(expense) recognised in the profit and loss account

	2020 £000	2019 £000
Current tax	2,138	-
	<u>2,138</u>	<u>-</u>

## Notes to the financial statements (continued)

### 6 Tax on profit/(loss) (continued)

#### Reconciliation of effective tax rate

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is explained below:

	2020 £000	2019 £000
Profit/(Loss) before taxation	213,739	(5,266)
Tax using the UK corporation tax rate of 19% (2019: 19%)	40,610	(1,001)
Non-deductible expenses	(42,111)	-
Unrelieved losses	1,501	1,001
Group relief	2,138	-
Total tax income/(expense) included in profit or loss	2,138	-

#### Factors that may affect future tax charges

The tax rate for the current year is equal to the prior year. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%.

### 7 Investments

	Investments in subsidiary companies £000
<i>Cost</i>	
At 1 January 2020	514,345
Addition	412,250
Disposal	(514,345)
At 31 December 2020	412,250
<i>Accumulated Impairment</i>	
At 1 January 2020	265,720
Reversal of impairment	(218,216)
Disposal	(47,504)
At 31 December 2020	-
<i>Net book value</i>	
At 31 December 2020	412,250
At 31 December 2019	248,625

## Notes to the financial statements (continued)

### 7 Investments (continued)

The Company has the following investments in subsidiaries:

The Company has the following investments in subsidiaries:					
	Nature of business	Location of registered office	Class of shares held	Ownership 2020 %	Ownership 2019 %
Carlsberg UK Limited	Trading	England <sup>1</sup>	Ordinary £1 shares	-	100
			Deferred £1 shares	-	100
			Deferred 5p shares	100	-
Tuborg Lager Limited	Dormant	England <sup>2</sup>	Ordinary £1 shares	100	100
			Deferred 5p shares	100	-
Svyturys-Utenos Alus Holding UAB	Trading	Lithuania <sup>3</sup>	Ordinary LTL 100 sh	-	100
Carlsberg Marston's Brewing Company Limited	Trading	England <sup>1</sup>	Ordinary £1 share	60	-
Tetley's Brewery Wharf Limited	Dormant	England <sup>2</sup>	Ordinary £1 share	100	-
Joshua Tetley & Son Limited	Dormant	England <sup>2</sup>	Ordinary £1 share	100	-
Holsten (UK) Limited	Dormant	England <sup>2</sup>	Ordinary £1 share	100	-
London Fields Brewhouse Limited	Dormant	England <sup>2</sup>	Ordinary £1 share	100	-

<sup>1</sup> Registered office – Marston's House, Brewery Road, Wolverhampton, England, WV1 4J

<sup>2</sup> Registered office - 140 Bridge Street, Northampton, Northamptonshire, NN1 1PZ.

<sup>3</sup> Registered office – Pramones g. 12, LT 28500, Utena, Lithuania

Svyturys-Utenos Alus Holding UAB, a 100% owned subsidiary, was disposed of on 28 October 2020 (refer to note 4).

The ordinary shares and £1 deferred shares in Carlsberg UK Limited, a 100% owned subsidiary, were disposed of on 30 October 2020 for a consideration of £313,000,000 share for share transfer. The Directors reviewed the company's investment in Carlsberg UK Limited as part of the process related to the sale of Carlsberg UK Limited. Based on these events the Directors have determined that a reversal of a previously recognised impairment provision of £218,216,000 should be recognised in the financial statements to 31 December 2020. As at the year end the Company still holds 100% of the 5p deferred shares in Carlsberg UK Limited.

On 30 October 2020, the Company acquired 100% share capital holding in four dormant companies, Tetley's Brewery Wharf Limited, Joshua Tetley & Son Limited, Holsten (UK) Limited and London Fields Brewhouse Limited for a cash consideration of £11, £2, £1 & £1 respectively. The Company also acquired 100% of the deferred 5p shares in Tuborg Lager Limited, another dormant company for a cash consideration.

On 30 October 2020, the Company acquired 60% share capital holding in Carlsberg Marston's Brewing Company Limited for a consideration of £313,000,000 share for share transfer, £85,850,000 cash and £13,400,000 contingent consideration. The Directors have performed impairment reviews on the company's investment in Carlsberg Marston's Brewing Company Limited. The review calculates the expected future cash flows arising from the investment and has compared the net present value of the cash flow to the carrying value of the investment. The expected future cashflows are based on cashflow projections from approved 5 year plan forecasts and include a terminal value that incorporates a long term growth rate assumption. The Directors are satisfied that the company's forecasts support the carrying value of the company's investment and determined that no impairment write-down (2019: £nil) should be recognised as at 31 December 2020. The carrying value has been assessed for impairment using the approved business risk-adjusted forecast discounted at a risk-free rate of 1.94%. Whilst this assessment has not indicated an impairment, the impairment review is sensitive to the assumptions applied. A change in the discount rate, terminal growth rate or terminal year Earnings Before Interest and Taxation ("EBIT") may result in an impairment write-down. The sensitivity for discount rate is 4.21% while the terminal growth rate sensitivity is -3.17%. These changes would individually result in an impairment write-down.

## Notes to the financial statements (continued)

### 8 Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	186	5
Reimbursement asset	113,598	-
	<u>113,784</u>	<u>5</u>
Due within one year	8,186	5
Due after more than one year	105,598	-
	<u>113,784</u>	<u>5</u>

During the year, as part of the Joint Venture transactions a reimbursement asset was created (2019: £nil) which has been recognised at fair value. The reimbursement asset is recoverable from the immediate parent, Carlsberg Breweries A/S. Due to the nature of the liabilities that is being reimbursed it is expected this asset will unwind over a period of years with £8,000,000 due within one year and £105,598,000 due greater than one year.

### 9 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	13,838	221,842

The balance above for 2019 included a loan for £71,569,000 repayable on demand – interest accrued at CIBOR plus 2%, a loan of £90,000,000 which was repayable on demand – interest accrued at LIBOR plus 3.25% and a loan of £55,000,000 which was repayable in December 2020. The latter two loans totalling £145,000,000 plus the accrued interest of £34,000,000 was repaid in October 2020 as part of the Joint Venture restructure. All balances are unsecured. Amounts owed to group undertakings includes £13,400,000 relating a contingent payment due on the investment in Carlsberg Marston's Brewing Company Limited.

### 10 Provisions for liabilities

	Other £000	Total £000
Balance at 1 January 2020	-	-
Provisions made during the year	113,598	113,598
<b>Balance at 31 December 2020</b>	<u>113,598</u>	<u>113,598</u>

Included in the other provisions is £113,598,000 indemnification given over certain liabilities held in indirect subsidiaries of Carlsberg UK Limited and Carlsberg Supply Company UK Limited. While the exact timing of the unwinding of this liability is not certain it is expected to be over several years.

## Notes to the financial statements (continued)

### 11 Capital and reserves

#### Called up share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
165,102,035 (2019: 165,102,034) ordinary shares of £1 each	165,102	165,102
45,002,003 (2019: 45,002,003) deferred shares of £1 each	45,002	45,002
	<hr/>	<hr/>
	210,104	210,104
	<hr/>	<hr/>

During the year the Company issued 1 ordinary share of £1 for cash consideration of £155,933,280.

### 12 Related parties

During the year the Company issued a loan note to Carlsberg Marston's Brewing Company Limited for £285,100,000, this loan note was repaid during the year.

During the year the company was charged intercompany interest on a loan with Carlsberg UK Limited of £4,986,000 (2019: £7,024,000). At the year-end £438,000 accrued interest (2019: loan £145,007,000, interest £29,885,000) was outstanding and included within creditors, the loan was settled during the year.

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Carlsberg Marston's Brewing Company Limited group.

### 13 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Carlsberg Breweries A/S. The ultimate controlling party is Carlsberg A/S.

The smallest group in which the results of the Company are consolidated is that headed by Carlsberg Breweries A/S, incorporated in Denmark. The largest group in which the results of the Company are consolidated is that headed by Carlsberg A/S, incorporated in Denmark. The consolidated financial statements of these groups are available to the public and may be obtained from The Information Centre, Carlsberg A/S, J. C. Jacobsens Grade 1, DK-1799 Copenhagen V, Denmark.