Carlsberg UK Limited

Annual report and financial statements

Registered number 00078439

For the year ended 31 December 2020

Contents

Strategic Report

Introduction

On the 30 October 2020 Carlsberg UK Limited became a wholly owned subsidiary of Carlsberg Marston's Brewing Company Limited. Carlsberg Marston's Brewing Company Limited is a 60:40 joint venture established between Carlsberg UK Holdings Limited and Marston's Trading Limited, bringing over 300 years of brewing heritage into one business and combining the best of both brewers to create a better beer company. Carlsberg UK is principally engaged in the sale of Carlsberg products in the UK. The financial results reflect the year from 1 January 2020 to 31 December 2020.

Business Review

In 2020 the UK Beer market experienced a 30% value decline due to the impact of the coronavirus pandemic which saw the On-Trade closed for large parts of the year. The On-Trade declined approximately 50% partially offset by the Off-Trade which grew approximately 30%.

The contraction of the beer market led to a reduction in Turnover of 29%, which in turn led to a 40% decrease in Gross Profit due to adverse channel mix and fixed cost under-absorption, as assets relating to the On-Trade were not fully utilised.

Administrative Expenses and Other Operating Expenses were closely managed resulting in significant savings and mitigating over half of the reduction in Gross Profit.

During the year the Company received £267,000 from the Government grant Coronavirus Job Retention Scheme, which is presented under Other operating income in the Statement of Comprehensive Income. The Company also deferred payments such as payroll taxes although all amounts deferred were settled by the year end.

Two main highlights for the year was success in the Off-Trade, the channel grew at over 30% and within this Carlsberg grew share of 1.2% driven by Carlsberg and San Miguel, and the formation of the Carlsberg Marston's Brewing Company Limited which was an important step forward for our UK business. The joint venture's brand portfolio will allow us to offer a significantly stronger beer portfolio to our UK customers. In addition, the combined business – which now includes 8 breweries, 11 distribution depots, a national distribution centre and inhouse logistics, will bring our customers wider choice, greater capacity, product innovation and marketing and distribution efficiency benefits.

Management have recognised a reimbursement asset of £59,820,000 in the current year in relation to certain liabilities recognised at the balance sheet date (see note 13). The reimbursement asset has been initially recorded at fair value with an equivalent capital contribution also recognised. An annual review of this asset will be undertaken which includes reassessing the fair value of the asset. This will be reimbursed by the indirect parent company, Carlsberg UK Holdings Limited.

On 25 June 2020 the Company cancelled and extinguished 167,132,000 of issued ordinary £1 shares and cancelled its share premium. This resulted in share capital of £177,200,000 being reduced to £10,068,000, share premium of £296,221,000 being reduced to £nil and retained earnings of £463,353,000 being created.

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 health and safety of our employees has always been our primary concern. In considering going concern, the directors have considered the cash flow requirements of the company, both under normal circumstances and those it faces in continued light of the Coronavirus situation.

Strategic Report *(continued)*

Coronavirus update (continued)

The brewery continues to operate without any constraints. The impact on the business will ultimately be determined by the length of the On-Trade shut down and any further restrictions imposed by the Government. We have modelled forecasts for the financial year ended 31 December 2021 based on the information available and continue to track actuals against these assumptions. In all scenarios and with the continued liquidity support from the Carlsberg Group we are confident the company has adequate resources to continue in operational existence for the foreseeable future.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are described in the Strategic Report. The Company has net current assets of £104,120,000 (2019: £67,104,000) as at the balance sheet date. As discussed in the Business Review section of the Strategic Report, the Directors have considered the impact of the Coronavirus. The brewery continues to operate without any constraints. The impact on the business will ultimately be determined by the length of the On-Trade shut down and any further restrictions imposed by the Government. We have modelled forecasts for the financial year ended 31 December 2021 based on the information available and continue to track actuals against these assumptions. In addition work has been carried out to review cashflow until December 2022. The easing of lockdown measures has resulted in a positive impact with this happening sooner than anticipated in our forecasts. In the forecasts and with the continued liquidity support from the Carlsberg Group we are confident the company has adequate resources to continue in operational existence for the foreseeable future. The group, of which the Company is part of, is well financed and highly profitable. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The non-immediate parents, Carlsberg Breweries A/S and Marston's PLC, have 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 parents 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.

Principal risks and uncertainties

The beer market continues with the backdrop of declining volumes in the On-Trade. The sector remains highly competitive with high number of craft beers, flavoured beers and microbreweries driving innovation, but with it fragmentation and complexity. Consumer trends towards new venues, the influence in the Off-Trade of discounters and the consolidation of cross-sector businesses e.g. Tesco/Booker, continue to affect the beer market. The Company is adapting in order to be able to compete effectively within this environment.

The economic environment continues to remain challenging with the Brexit leading to economic uncertainty for consumers and businesses. The Company set up a Brexit planning team who monitor the situation to ensure appropriate mitigation can be triggered for items within Carlsberg control. We are not aware of any significant impact on the business.

The impact of climate change risk and a continued focus on sustainability has been identified as a key measure for stakeholders in the current year. Our Together Towards ZERO programme helps us mitigate long-term risks and make our business more resilient by tackling global challenges such as climate change, water scarcity and public health issues. It also enables us to capture opportunities by meeting growing consumer demand for more sustainable products and healthier choices. The programme sets out transformative targets to drive action in four priority areas: ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and ZERO accidents culture. Our steadfast commitment to doing business responsibly underpins progress in all four priority areas and we will report on progress for the year in mid-2021.

Financial key performance indicators

Operating losses before exceptional items were £20,459,000 in the year (2019: losses before exceptional items were £2,861,000) and net assets were £194,954,000 at the balance sheet date (2019: £171,272,000).

Strategic Report *(continued)*

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 and is reported in a self assessment under the control framework on a half yearly basis.

Other key performance indicators

Management monitor gross profit margin, gross profit after logistics (GPAL) margin, profit/(loss) for the financial year before interest and tax (EBIT), working capital and cashflow in addition to the financial measures mentioned above. Due to the pandemic, the Companies results have been adverse to target across all measures, significant factors included adverse channel mix and under-absorption costs.

As well as these core financial metrics the business also takes into account new account openings, brand share and health, market share and customer service levels when considering the overall performance of the business. Contributions to market and brand share were below budget for the year driven by a gap in Off Trade volumes but did see positive year on year contributions from San Miguel and Brooklyn. Service levels saw targets achieved in the month of December, a result of service improvement with the logistics partners. The company also adopts the Carlsberg Group survey, MyVoice, to measure employee engagement scores across the business to help create a culture based on trust, ownership and diversity. The employee survey conducted in 2019, revealed a high level of commitment to the triple A concept (alignment, accountability, action), which guides our behaviour and fosters a team-based performance culture.

Future developments

Looking forward into 2021 and beyond, the Company will aim to continue to provide a great range of beers and supplying a wide portfolio of drinks products to customers in the UK, with the key strategic focus of the Company being to deliver a market-leading drinks portfolio, excellent customer service, and the growth of market share.

In the context of the overall market challenges the directors are satisfied with the performance for the year.

On behalf of the board

DocuSigned by:

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P Davies
Director
22 July 2021

Directors' Report

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

Principal activities

The Company's principal business activity is that of a customer facing commercial sales entity for the local UK market.

Results

The loss for the year, after taxation, amounted to £21,238,000 (2019: profit of £1,096,000).

Proposed dividend

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

Directors

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

T Blawat (resigned 6 November 2020)

C Lundgren

A Stubbs (resigned 30 October 2020)

J Pastuszka (resigned 1 March 2021)

R Scott (resigned 30 October 2020)

P T Davies (appointed 6 November 2020)

R G Findlay (appointed 30 October 2020)

H Lupino (appointed 30 October 2020)

G Fewkes (appointed 1 March 2021)

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 and monthly all employee calls 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.

Disabled employees

The company values the talents and abilities of its diverse workforce and is committed to ensuring that they work together to secure the success of the business. The contribution made by the employees is valued irrespective of their sex, age, disability, sexuality, ethnic or national origin. Disabled people, whether registered or not, receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' Report *(continued)*

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

We aim to lead in sustainability because it is central to our purpose and because we genuinely believe it is the right thing to do – delivering tangible benefits for our business and for society as a whole. The strength of our beer portfolio lies in our strong local roots, combined with our excellent craft & speciality brands, alcohol-free brews and international beer brands. Our brands offer us powerful opportunities for communicating with consumers. We use these opportunities to encourage moderate, responsible consumption of our products. We also increase the availability of alcohol-free brews. Our customers range from on-trade to offtrade, from big to small. We aim to become their preferred beer supplier, providing products and services that deliver value growth for them and us. We add value to our on-trade customers through DraughtMaster and by developing digital solutions and services that allow them to improve their business. We also develop sustainable packaging solutions such as Snap Pack. By living our Funding the Journey culture, we have a continual focus on optimising our integrated, end-to-end supply chain and driving operating cost efficiencies. Recognising the need for strong actions in the face of complex sustainability challenges, our sustainability programme Together Towards ZERO sets clear and ambitious targets for carbon emissions and water usage.

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*.

Political contributions

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

Charitable contributions

The Company made charitable contributions during the year of £2,616 (2019: £5,589). In 2020, the donations stemmed from a scheme under which the company matches amounts raised for charity by employees.

Post balance sheet event

The details of the post balance sheet event are included under the Coronavirus section on page 1 in the Strategic report.

Future Developments

The Future developments of the company are included on page 3 in the Strategic report.

Going concern

This is included in the Strategic Report on page 2.

Financial risk management

The Company comply with the Groups Financial Risk Management Policy which is integrated into the overall UK risk management process. This ensures appropriates control of credit, liquidity, cashflow and price risk.

Cash pooling

The company is part of the Carlsberg A/S Group's cash pooling / 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' 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 last financial year and is currently in force. The group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

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 auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The financial statements on pages 12 to 36 were approved by the Board of Directors on 22 July 2021 and signed on its behalf by

DocuSigned by:
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P Davies
Director
Marston's House,
Brewery Road,
Wolverhampton.
England, WV1 4JT
Date: 22 July 2021

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:
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P Davies
Director
Marston's House,
Brewery Road,
Wolverhampton,
England, WV1 4JT
Date: 22 July 2021

Independent auditors' report to the members of Carlsberg UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Carlsberg UK 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 loss 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 Statement of Comprehensive Income 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 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 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 compliance with health and safety legislation and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of accounting estimates which could be subject to management bias and posting of unusual journals to revenue. 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. 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.

Independent auditors' report to the members of Carlsberg UK 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

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Gross turnover		**588,855**	713,722
Customs and excise duties		**(291,463)**	(298,945)
Turnover	2	**297,392**	414,777
Cost of sales		**(220,946)**	(288,418)
Gross profit		**76,446**	126,359
Administrative expenses		**(24,867)**	(26,518)
Income from other fixed asset investments	6	**-**	1,813
Other operating expenses		**(72,305)**	(104,515)
Exceptional other operating expenses	3	**(4,199)**	-
Exceptional other operating income	3	**1,936**	-
Total other operating expenses	3	**(74,568)**	(104,515)
Other operating income	3	**267**	-
Operating loss		**(22,722)**	(2,861)
Interest receivable and similar income	7	**16,292**	22,013
Interest payable and similar expenses	8	**(16,744)**	(19,556)
Loss before taxation		**(23,174)**	(404)
Tax on loss	9	**1,936**	1,500
(Loss)/Profit for the financial year		**(21,238)**	1,096
Other comprehensive loss			
Actuarial loss on defined benefit pension scheme	17	**(14,238)**	(16,702)
Other movements in comprehensive (loss)/income	17	**(662)**	467
Other comprehensive loss for the year		**(14,900)**	(16,235)
Total comprehensive loss for the year		**(36,138)**	(15,139)

All of the above relate to continuing activities.

The notes on pages 15 to 36 form part of these financial statements.

Balance Sheet
at 31 December 2020

	Note	2020	2020	2019	2019
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*11*		**1,880**		2,030
Investments	*12*		**168,610**		173,242
			170,490		175,272
Current assets					
Debtors: amounts falling due within one year	*13*	**139,327**		221,221	
Debtors: amounts falling due greater than one year	*13*	**53,580**		-	
		192,907		221,221	
Creditors: amounts falling due within one year	*14*	**(88,787)**		(154,117)	
Net current assets			**104,120**		67,104
Total assets less current liabilities			**274,610**		242,376
Creditors: amounts falling due after more than one year	*15*		**-**		(143)
Post-employment benefits	*17*		**(73,451)**		(59,992)
Provisions for liabilities					
Other provisions	*16*		**(6,205)**		(10,969)
Net assets			**194,954**		171,272
Capital and reserves					
Called up share capital	*18*		**10,068**		177,200
Share premium account	*18*		**-**		296,221
Revaluation reserve			**832**		832
Profit and loss account			**184,054**		(302,981)
Total shareholders' funds			**194,954**		171,272

The notes on pages 15 to 36 form part of these financial statements.

These financial statements on pages 12 to 36 were approved by the board of directors 22 July 2021 and were signed on its behalf by:

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P Davies
Director

Company registered number: 00078439

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2019	177,200	296,221	832	(287,842)	186,411
Total comprehensive loss for the year					
Profit for the year	-	-	-	1,096	1,096
Other comprehensive loss (see note 18)	-	-	-	(16,235)	(16,235)
Total comprehensive loss for the year	-	-	-	(15,139)	(15,139)
Balance at 31 December 2019	177,200	296,221	832	**(302,981)**	**171,272**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2020	177,200	296,221	832	**(302,981)**	**171,272**
Total comprehensive loss for the year					
Loss for the year	-	-	-	(21,238)	(21,238)
Other comprehensive loss (see note 18)	-	-	-	(14,900)	(14,900)
Total comprehensive loss for the year	-	-	-	(36,138)	(36,138)
Capital redemption (see note 18)	(167,132)	(296,221)	-	463,353	-
Capital contribution (see note 18)	-	-	-	59,820	59,820
Balance at 31 December 2020	**10,068**	**-**	**832**	**184,054**	**194,954**

The notes on pages 15 to 36 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2020

1 Accounting policies

Carlsberg UK 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 Marston's House, Brewery Road, Wolverhampton, England, WV1 4JT.

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

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:

- Certain disclosures required by FRS 102.26 *Share Based Payments;* and,
- 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. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.20.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are described in the Strategic Report. The Company has net current assets of £104,120,000 (2019: £67,104,000) as at the balance sheet date. As discussed in the Business Review section of the Strategic Report, the Directors have considered the impact of the Coronavirus. The brewery continues to operate without any constraints. The impact on the business will ultimately be determined by the length of the On-Trade shut down and any further restrictions imposed by the Government. We have modelled forecasts for the financial year ended 31 December 2021 based on the information available and continue to track actuals against these assumptions. In addition work has been carried out to review cashflow until December 2022. The easing of lockdown measures has resulted in a positive impact with this happening sooner than anticipated in our forecasts. In the forecasts and with the continued liquidity support from the Carlsberg Group we are confident the company has adequate resources to continue in operational existence for the foreseeable future. The group, of which the Company is part of, is well financed and highly profitable. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The non-immediate parents, Carlsberg Breweries A/S and Marston's PLC, have 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 parents 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 Turnover

Turnover is recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax, trade discounts and excise duty.

Turnover is recognised at the point of dispatch. Turnover includes amounts received from customers in respect of trade loan interest payments on the grounds that the commercial substance of the receipt is that they are part of the normal terms of trade.

1.4 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Company

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 on page 15.

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and 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, less any impairment losses in the case of trade debtors.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.6 Basic financial instruments *(continued)*

Trade and other debtors / creditors (continued)

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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	2 or 3% Straight Line
Long-term leasehold property	2 or 3% Straight Line
Plant and equipment	5 to 10% Straight Line
Motor vehicles	20% Straight Line
Commercial vehicles	15% Straight Line
Sundry equipment	10% Straight Line

Assets under construction are not depreciated until they are ready to use and transferred to the relevant classification.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets and goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. On transition, the Company reassessed goodwill useful lives (which had estimated useful life of 20 years under old UK GAAP) to determine their useful lives under FRS 102 and amortise these assets over that period going forward. Positive goodwill has been amortised to nil by equal annual instalments over 5 years under FRS 102 as the directors cannot make a reliable estimate if its useful economic life. On transition all goodwill has now been fully amortised.

1.10 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

1.11 Post-employment benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.11 Post-employment benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company together with Carlsberg Supply Company UK Limited operated a defined benefit plan for certain employees which is now closed to future accrual. Costs passing through P&L are net interest cost and scheme expenses. Net interest cost is dependent on the relative size of the assets (which you don't pro-rata) as well as the liabilities. Expenses have been split by size of payroll in the past and will share 50:50 in future. Costs passing through OCI (experience gains and losses) are not split pro-rata but are calculated accurately for each entity by tracking relative experience since the initial split in 2014. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is based on matching projected cash flows due from the Scheme to the standard Buck AA Corporate Bond Spot Yield Curve as at 31 December 2020. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit in equity. The basis of such allocation is disclosed in note 17.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.13 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, 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. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for if differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.15 Exceptional items

Exceptional items are items of a significant nature where the directors believe separate disclosure is required in order to assist with the understanding of the financial statements.

1.16 Government grants for Coronavirus Job Retention Scheme

Government grants shall be recognised in the profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

1.17 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.

1.18 Cash pooling

The company is part of the Carlsberg A/S Group's cash pooling / 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.

1.19 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 the obligation it is linked to and are subsequently re-measured at their fair value in line with the changes in the fair values of the obligations it is linked to, with changes in value recorded in the profit and loss account.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.20 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 the all judgements and estimates, the following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Judgements

- Impairment of tangible and intangible fixed assets - Management have based the calculations for these impairments based upon their professional judgement of all available information (see notes 10 and 11).

- Impairment of investments - 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 12).

- Reimbursement asset - Management have taken the judgement that a reimbursement asset should be recognised as it is virtually certain the Company will be reimbursed for the liability. The reimbursement asset is initially recorded at fair value with an equivalent capital contribution. This is the first year it has been recognised, in future years an annual review of the reimbursement asset will be undertaken which includes reassessing the fair value of the asset (note 12).

- Provisions for loss making contracts - Management have based the calculations upon detailed projections of income and costs directly attributable to the contract. The most significant area of judgement relates to forecast volumes and product mix within this (see note 16).

- *Pension allocation*

The Company and Carlsberg Supply Company UK Limited participate in one defined benefit pension scheme and therefore share the risks. In 2014, when the scheme was split the approach was to split the assets and liabilities based on the different liability profiles of the two companies, based on membership data. The split has been updated at each year end to reflect the roll forward position of the membership data since the latest valuation date (see note 17).

Estimates

- Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets (see note 11).

- Defined benefit plans

The Company has obligations to pay pension benefits to certain employees. The present value of the assets and obligations depend on a number of factors, including; life expectancy, salary increases and the discount rate on corporate bonds and inflation. Management estimates these factors in determining the net pension obligation. The assumptions reflect historical experience and current trends (see note 17).

- Customer rebate arrangements

As part of the normal course of business, the Company has entered into rebate arrangements with customers whereby on invoice and off invoice rebates are applied to invoiced sales, based upon achievement of certain criteria set upon agreement. For the promotions activities not settled with customers at year end, the Company is required to make estimates of the promotions spend achieved. Discount and promotion arrangement are customer specific; they are tailored to a specific contract and the terms can vary greatly from customer to customer. The rebate accrual at the balance sheet date represents management's best estimate at a point in time but the ultimate amounts that will be paid can vary depending on customers post year sales patterns or the level of claims received in comparison to management's best estimate. All amounts paid or payable to customers are shown as a reduction to turnover in the income statement.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

***1.20 Critical accounting judgements and estimation uncertainty** (continued)*

Estimates (continued)

- Impairment of trade debtors and trade loans

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade debtors and trade loans, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience (see note 12 for trade loans and 13 for trade debtors).

- Valuation of reimbursement asset

The Company makes an estimate of the value of the reimbursement asset by aggregating the expected or actual assets based on future cashflows.

- Provisions for loss making contracts

Management have estimated the volumes and product mix in order to calculate the provision (see note 16).

2 Turnover

The company has only one class of business and sales were predominantly to UK customers. All sales made by the company originated in the UK.

3 Operating loss

Included in the loss are the following:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	**286**	224
Exceptional income in relation to loss making contract	**(1,936)**	-
Exceptional costs in relation to Late Retirement Factors	**4,199**	-
Restructuring costs expensed as incurred – included in administrative expenses	**1,006**	-
Income in relation to Government grant for Coronavirus Job Retention Scheme	**(267)**	-
Impairment of trade receivables	**694**	432
Impairment of trade loans	**2,517**	480

Exceptional income relates to a contract provision incurred as a result of an onerous contract, due to the closure of the On-Trade £1,936,000 was reversed in the year (2019: £nil) the overall value of the onerous contract is reassessed each year with material changes accounted for. Exceptional costs of £4,199,000 (2019: £nil) relates to a change of approach in the measurement of liabilities regarding Late Retirement Factors (note 17).

Notes to the financial statements *(continued)*

3 Operating loss *(continued)*

Auditors' remuneration:

	2020	2019
	£000	£000
Audit of these financial statements	93	44

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditors for 'Other services' as this information is included in the consolidated financial statements of Carlsberg A/S.

4 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Sales	292	301
Administration	81	84
	373	385

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	21,318	22,368
Share based payments (see note 17)	71	466
Social security costs	2,040	2,192
Other pension costs	2,159	2,455
	25,588	27,481

5 Directors' remuneration

	2020	2019
	£000	£000
Directors' remuneration	1,647	1,327
Company contributions to defined contribution plans	37	48
Compensation for loss of office	-	107
	1,684	1,482

Notes to the financial statements *(continued)*

5 Directors' remuneration *(continued)*

	Number of directors 2020	2019
Retirement benefits are accruing to the following number of directors under:		
Defined contribution plans	**2**	2
Defined benefit schemes	-	-
The number of directors who exercised share options was	-	1
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	-	-

The highest paid director's emoluments were as follows:	2020 £000	2019 £000
Directors' remuneration	1,212	539
Company contributions to defined contribution plan	-	-
Company contributions to defined benefit schemes	-	-
	1,212	539

6 Income from other fixed asset investments

	2020 £000	2019 £000
Trade loan income from fixed asset investments	-	1,813

7 Interest receivable and similar income

	2020 £000	2019 £000
Foreign exchange gain	-	180
Interest receivable from group companies	**4,986**	7,242
Expected return on pension scheme assets	**11,306**	14,591
Total interest receivable and similar income	**16,292**	22,013

8 Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on overdrafts and facility fees	**1,124**	1,057
Foreign exchange loss	**177**	14
Interest payable on loans from group undertakings	**2,850**	2,367
Other interest payable	**64**	195
Interest on pension scheme liabilities	**12,529**	15,923
Total interest payable and similar expenses	**16,744**	19,556

Notes to the financial statements *(continued)*

9 Tax on loss

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2020 £000	2019 £000
Current tax		
Current tax on income for the period	**(2,104)**	(1,531)
Adjustments in respect of prior periods	**168**	31
Total current tax	**(1,936)**	(1,500)
Total deferred tax	**-**	-
Total tax	**(1,936)**	(1,500)

	2020 £000 Current tax	2020 £000 Deferred tax	2020 £000 Total tax	2019 £000 Current tax	2019 £000 Deferred tax	2019 £000 Total tax
Recognised in Profit and loss account	**(1,936)**	**-**	**(1,936)**	(1,500)	-	(1,500)

Deferred tax assets of £39,500,000 (2019: £29,857,000) in relation to accelerated capital allowances and provision for losses have not been recognised as it is not expected that the reversal of these will happen in the foreseeable future.

Analysis of current tax recognised in profit and loss

	2020 £000	2019 £000
UK corporation tax	**(1,936)**	(1,500)
Total current tax recognised in profit and loss	**(1,936)**	(1,500)

Reconciliation of effective tax rate

	2020 £000	2019 £000
(Loss)/profit for the financial year	**(21,238)**	1,096
Total tax credit	**(1,936)**	(1,500)
(Loss)/profit before taxation	**(23,174)**	(404)
Tax using the UK corporation tax rate of 19% (2019: 19%)	**(4,403)**	(77)
Non-deductible expenses	**196**	1,338
Other permanent differences	**140**	405
Other timing differences in relation to unrecognised deferred tax asset	**(330)**	(4,369)
Group relief surrendered	**-**	(1,500)
Adjustment in respect of prior years	**168**	31
Unrelieved tax losses carried forward	**2,293**	2,672
Total tax credit included in profit or loss	**(1,936)**	(1,500)

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%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the amended tax rate had been used, the unrecognised deferred tax asset would have been £12,553,000 higher.

Notes to the financial statements *(continued)*

10 Intangible assets and goodwill

	Goodwill £000
Cost	
Balance at 1 January 2020	2,146
Disposal	(2,146)
Balance at 31 December 2020	-
Accumulated amortisation and impairment	
Balance at 1 January 2020	(2,146)
Disposal	2,146
Balance at 31 December 2020	-
Net book value	
At 31 December 2019	-
At 31 December 2020	-

Goodwill relates to Holsten (UK) Ltd, the shareholding was disposed of during the year.

11 Tangible assets

	Land and buildings £000	Plant and machinery £000	Vehicles and sundry equipment £000	Total £000
Cost				
Balance at 1 January 2020	3,100	921	565	4,586
Additions	83	-	53	136
Disposals	(228)	-	-	(228)
Balance at 31 December 2020	2,955	921	618	4,494
Accumulated depreciation and impairment				
Balance at 1 January 2020	(1,216)	(841)	(499)	(2,556)
Depreciation charge for the year	(255)	(11)	(20)	(286)
Disposals	228	-	-	228
Balance at 31 December 2020	(1,243)	(852)	(519)	(2,614)
Net book value				
At 31 December 2019	1,884	80	66	2,030
At 31 December 2020	**1,712**	**69**	**99**	**1,880**

Included in land and buildings is £520,000 (2019: £520,000) relating to land of freehold tenure.

Notes to the financial statements *(continued)*

12 Investments

	Shares in subsidiary undertakings £000	Participating interests £000	Trade loans £000	Total £000
Cost or valuation				
At beginning of year	198,176	3,740	27,787	229,703
Additions	-	-	3,964	3,964
Disposals	-	-	(6,160)	(6,160)
Amounts written off	-	(59)	(601)	(660)
Trade loan interest	-	-	140	140
At end of year	198,176	3,681	25,130	226,987
Provisions				
At beginning of year	53,170	-	3,291	56,461
Increase in provision	-	-	2,517	2,517
Loans written off	-	-	(601)	(601)
At end of year	53,170	-	5,207	58,377
Net book value				
At 31 December 2019	145,006	3,740	24,496	173,242
At 31 December 2020	**145,006**	**3,681**	**19,923**	**168,610**

During the year £2.517,000 was recognised as an expense in the profit and loss account in respect of impairment recognised on trade loans (2019: £480,000).

Shares in subsidiary companies comprise:

1. Three dormant companies, Tetley's Brewery Wharf Limited, Holsten (UK) Limited and Joshua Tetley & Son Limited, all 100% owned were disposed of on 30 October 2020 for a cash consideration of £11, £2 & £1 respectively. The 5p deferred shares held in Tuborg Lager Limited, a dormant company were also sold on 30 October 2020 for a cash consideration of £1.

2. On 2 March 2014, the company acquired 100% share capital holding in Carlsberg Supply Company UK Limited for a consideration of £128,141,000. On 16 December 2016, the company subscribed to a further 16,865,000 ordinary £1 shares for a cash consideration of £16,865,000. The registered office of this company is Jacobsen House, Northampton, England. The Directors have performed impairment reviews on the company's investments in Carlsberg Supply Company UK 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 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 1.96%. 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 1.93% while the terminal growth rate sensitivity is -7.40%. These changes would individually result in an impairment write-down.

3. LF Brewery Holdings Limited, a 100% owned subsidiary.

Notes to the financial statements *(continued)*

12 Investments (continued)

Shares in participating interests comprise:

The company holds 50% of the B Ordinary share capital and 32.6% of the C Ordinary share capital in Serviced Dispense Equipment (Holdings) Limited (SDE(H) Limited), a company incorporated in the UK. The capital and reserves of this company as at 31 December 2019 is £11,261,000 and its profit for the year to 31 December 2019 is £89,000. These figures represent the balances in the latest filed set of SDE (H) Limited's financial statements. SDE (H) Limited in turn wholly owns Serviced Dispense Equipment Limited (SDE Limited), a company incorporated in the UK. The nature of SDE Limited's business is to provide cellar technical services to the licensing trade. The registered office of both companies is Maltings Building, Tadcaster, North Yorkshire, England.

During the year ended 31 December 2020 the company made payments of £15,900,000 (2019: £21,200,000) to SDE Limited for the provision of cellar technical services to the company's customers. For the year ended 31 December 2020 SDE Limited reimbursed profit of £2,592,000 (2019: £4,680,000) to Carlsberg UK Limited. At 31 December 2020 there were amounts of £nil (2019: £nil) outstanding on the company payables ledger in connection with SDE Limited.

13 Debtors

	2020	2019
	£000	£000
Trade debtors	**8,131**	23,686
Amounts owed by group undertakings	**112,704**	178,005
Other debtors	**1,940**	10,671
Tax recoverable	**5,307**	4,104
Prepaid trade loan discount	**1,730**	1,863
Prepayments and accrued income	**3,275**	2,892
Reimbursement asset	**59,820**	-
	192,907	221,221
Due within one year	**139,327**	221,221
Due after more than one year	**53,580**	-
	192,907	221,221

Trade debtors are stated after provisions for impairment of £1,458,000 (2019: £947,000). During the year £694,000 was recognised as an expense in the profit and loss account in respect of impairment on trade debtors (2019: £432,000).

Included in amounts owed by group undertakings is a loan for £98,263,000, which is the current drawn down on a £120,000,000 facility. The loan is repayable on demand and interest accrues at IBOR plus 1%. In 2019 included in amounts owed by group undertakings was a loan for £145,000,000 of which £55,000,000 repayable in December 2020 and £90,000,000 unsecured and due on demand. Interest accrued at LIBOR plus 3.25%. The loan for £145,000,000 and accrued interest of £34,000,000 was repaid in the year. All other balances with group undertakings are repayable on demand.

During the year, as part of the Joint Venture transactions a reimbursement asset was created (2019: £nil) which has been recognised at fair value. Due to the nature of the liabilities that is being reimbursed (disclosed in note 17), it is expected this asset will unwind over a period of years with £6,240,000 due within one year and £53,580,000 due greater than one year.

Notes to the financial statements (continued)

14 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	**18,052**	18,042
Amounts owed to group undertakings	**63,527**	127,958
Corporation tax	**114**	113
Accruals and deferred income	**7,094**	8,004
	88,787	154,117

Included in amounts owed to group undertakings is borrowings which total £6,732,000 (2019: £35,344,000) which are unsecured, interest free and repayable on demand. All other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

15 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Other creditors	-	143
	-	**143**

Other creditors refer to Carlsberg's long term incentive programme 'Funding the Journey cash plan', a programme established in 2016.

16 Other provisions

	Contract Provision £000	Other £000	Total £000
Balance at 1 January 2020	8,328	2,641	10,969
Provisions used during the year	(2,662)	(231)	(2,893)
Provision released during the year	(1,936)	-	(1,936)
Unwinding of discounted amount	57	8	65
Balance at 31 December 2020	**3,787**	**2,418**	**6,205**

The contract provision relates to future losses expected to be incurred as a result of a contract expiring in 2021 therefore all of the £3,787,000 provision deemed short term. Other provisions include provisions for redundant property and onerous property leases which are expected to be fully utilised by 2029. Other provisions of £182,000 are deemed short term, due within one year and £2,236,000 long term, due over one year.

17 Post-employment benefits

The Company participates in a defined benefit pension scheme in the UK which is a final salary scheme and provides benefits linked to salary at retirement or earlier date of leaving service. The scheme was closed to new members from 31 December 2003 and was closed to future accrual on 5 April 2016. Benefits for members whose accrual ceased at the closure date and who remain employed by the Company retain a salary link. The scheme is funded by regular contributions assessed every three years in line with UK legislation and regulatory guidance.

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

The latest comprehensive actuarial valuation was carried out as at 6 April 2019. The disclosures provided have been based on the results of that valuation appropriately adjusted to 31 December 2020 allowing for benefit accrual, membership movements, pay and pension increases, outgoing benefits and changes in financial and demographic assumptions.

Carlsberg Supply Company UK Limited also participates in the defined benefit pension scheme and therefore the Company and Carlsberg Supply Company UK Limited share risks. In 2014 the scheme was split between the two companies. At the time of the split, the approach used was to split the plan assets and liabilities based on the different liability profiles of the two companies, based on membership data. At the time of the split these differed with Carlsberg Supply Company UK Limited having far more active members than the Company. The plan asset value recorded in the financial statements of the Company reflect the asset value at the time of the split with the impact of any respective growth on this value of the assets, plus cashflow movements relating to contributions into the scheme, benefits paid out of the scheme and administrative expenses paid out by the Company since that date. The defined benefit obligation split has been updated at each year end date to reflect the rolled forward position of the membership data since the latest valuation date.Costs passing through the profit and loss are net interest cost and scheme expenses. Net interest cost is dependent on the relative size of the assets as well as the liabilities. Expenses have been split by size of payroll in the past and will share 50:50 in future. Costs passing through OCI (experience gains and losses) are not split pro-rata but are calculated accurately for each entity, with the experience movement on liabilities reflecting the actual membership data and the experience movement on the assets reflecting the change on those assets as split in 2014. To illustrate this point the FY20 figures show the following

Liabilities: LCC share is 81%
Assets: LCC share is 85%
Contributions to reduce deficit: LCC share is 78%
Net balance sheet position: LCC share is 58%
P&L cost: LCC share is 72%
OCI cost: LCC share is 57%

Any shortfall contributions are allocated on a pro-rata approach based on the respective accrued pension liabilities.

The Company also operates an unfunded unapproved retirement benefit scheme for two former employees.

The information disclosed is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

Associated reimbursement asset of £59,820,000 is recognised in note 13.

Net pension liability

	2020	2019
	£000	£000
Defined benefit funded obligation	**(657,664)**	(592,690)
Plan assets	**584,852**	533,274
Deficit in funded scheme	**(72,812)**	(59,416)
Present value of unfunded obligation	**(639)**	(576)
	(73,451)	(59,992)

Notes to the financial statements *(continued)*

17 Post-employment benefits (continued)

Movements in present value of defined benefit obligation

	2020 **£000**	2019 £000
At 1 January	**(593,266)**	(533,180)
Interest expense	**(12,529)**	(15,701)
Actuarial gains	**(73,677)**	(71,145)
Benefits paid	**21,169**	19,480
Adjustment in accordance with paragraph 64 of IAS19	**-**	7,280
At 31 December	**(658,303)**	**(593,266)**

The present value attributable to the funded scheme in the year was £657,664,000 (2019: £592,690,000), the unfunded scheme was £639,000 (2019: £576,000).

Movements in fair value of plan assets

	2020 **£000**	2019 £000
At 1 January	**533,274**	484,961
Interest income	**11,306**	14,591
Return on scheme assets less interest income	**55,241**	46,942
Contributions by employer	**6,975**	7,073
Benefits paid	**(21,169)**	(19,480)
Administration expenses	**(775)**	(813)
At 31 December	**584,852**	**533,274**

The fair value is fully attributable to the funded scheme in the year and in 2019.

Amounts recognised in other comprehensive income

	2020 **£000**	2019 £000
Return on Scheme assets in excess of interest income	**55,241**	46,942
Experience losses on liability	**-**	3,143
Change in assumptions	**(69,479)**	(74,288)
Adjustment in accordance with paragraph 64 of IAS19	**-**	7,501
Total losses recognised in other comprehensive income	**(14,238)**	(16,702)

Amounts recognised in the other comprehensive income attributable to the funded scheme in the year was £14,187,000 (2019: income of £16,623,000), the unfunded scheme was £51,000 (2019: cost of £79,000).

Expense recognised in the profit and loss account

	2020 **£000**	2019 £000
Net interest on net defined benefit liability	**1,223**	1,332
Administration expenses	**775**	813
Costs in relation to LTF retirement factors methodology change	**4,199**	-
Total expense recognised in profit or loss	**6,197**	2,145

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

Expenses recognised in the profit and loss account attributable to the funded scheme in the year was £6,185,000 (2019: £2,130,000), the unfunded scheme was £12,000 (2019: £15,000).

Late Retirement Factors

Following discussion with the Company and the Trustees, the Trustees have decided to change the approach to Barber benefits by applying Late Retirement Factors (LTFs) instead of continuing a salary link and/or deferred revaluation between the ages of 60 and 65. The estimated cost was confirmed by Buck Consultants (Company actuary) to be an additional £4,199,000 (2019: £nil) of Plan liabilities as at 31 December 2020. This allowance has been incorporated in the obligations/liabilities under exceptional expenses.

The fair value of the plan assets and the return on those assets were as follows:

	2020 Fair value £000	2019 Fair value £000
Equities	**68,918**	80,043
Absolute return bonds	**44,603**	44,182
Liability driven investments	**350,838**	286,124
Property	**36,803**	38,070
Diversified growth funds	**39,201**	39,444
Other	**44,489**	45,411
	584,852	533,274
Actual return on plan assets	**66,547**	61,533

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2020 %	2019 %
Discount rate	**1.55**	2.15
Future salary increases	**2.05**	2.15
Other material assumptions (e.g. future pension increases, inflation - RPI)	**2.80**	2.90
Other material assumptions (e.g. future pension increases, inflation - CPI)	**2.10**	1.90

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated below:

- Year of birth improvements using CMI_2019 [LTR = 1.50%, A = 0.25%] for males and CMI_2019 [LTR = 1.25%, A = 0.25%] for females (rebased to start 2016).

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.2 years (male), 23.6 years (female).
- Future retiree upon reaching 65: 24.0 years (male), 25.3 years (female).

Defined contribution plans

The Company operates a defined contribution pension scheme for new starters from 1 April 2004. The pension cost charge represents contributions payable by the Company to the fund and amounted to £830,000 (2019: £1,208,000). The value of the fund is held separately from the Company.

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

Share based payments

The Company is a member of a group share-based payments plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis for reasonable allocation is the time of service rendered by employee per entity within the vesting period. The charge to the profit and loss account in respect of share based payments in the period was £662,000 (2019: £466,000 credit) with the difference between the expenses and the recharge from the ultimate parent undertaking being recorded in equity.

The share-based payment plans in the Company consist of the share options programme, the long-term incentive programme and the long-term incentive plan (performance shares). The equity settled schemes are settled in performance share units (PSUs). The participants in the programmes receive a number of PSUs, each giving the right to receive Carlsberg A/S B shares. The exact number of PSUs granted is determined after the publication of the Annual Report. The vesting conditions for the long-term incentive programme are 3 years of service and the Group's financial performance for the grant year. The vesting conditions for the long-term incentives plan (performance shares) are 3 years of service and achievement of 4 KPIs in the vesting period. Shares are transferred to the employee immediately after they have been vested.

Further details in relation to the plans can be found in the Carlsberg A/S financial statements.

18 Capital and reserves

Called up share capital

	Deferred Shares of £1 each 2020 £000	Deferred Shares of £0.05 each 2020 £000	Ordinary Shares of £1 each 2020 £000
On issue at 1 January	67	1	177,132
Purchase of shares	-	-	(167,132)
On issue at 31 December – fully paid	**67**	**1**	**10,000**

	2020 £000	2019 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**10,000**	177,132
67,450 (2019: 67,450) deferred shares of £1 each	**67**	67
6,745 (2019: 6,745) deferred shares of £0.05 each	**1**	1
	10,068	177,200

During the year the Company reduced the share capital by cancelling and extinguishing 167,132,000 of the issued ordinary shares £1 shares in the Company. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the financial statements *(continued)*

18 Capital and reserves (continued)

The ordinary shares are voting and carry rights to receive dividends and return of capital on a winding up. The deferred shares of £1 each and 5p each are non-voting, carry no right to dividends and are repayable at par value on winding up.

Share premium

	2020 £000	2019 £000
Share premium account	-	296,221

A capital reduction has been performed during the year, converting the share premium account to profit and loss reserves.

During the year the Company received a Capital Contribution of £59,820,000 from Carlsberg UK Holdings Limited, a non-direct Parent Company, which have been recognised in the profit and loss account reserve.

Other comprehensive expense

2019

	Profit and loss account £000	Total other comprehensive expense £000
Other comprehensive income relating to share based payments (note 17)	467	467
Remeasurements of the net defined benefit liability	(16,702)	(16,702)
Total other comprehensive expense	(16,235)	(16,235)

2020

	Profit and loss account £000	Total other comprehensive expense £000
Other comprehensive expense relating to share based payments (note 17)	(662)	(662)
Remeasurements of the net defined benefit liability	(14,238)	(14,238)
Total other comprehensive expense	(14,900)	(14,900)

Notes to the financial statements *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Less than one year	**567**	477
Between one and five years	**2,062**	1,589
More than five years	**1,882**	985
	4,511	3,051

During the year £400,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £348,000).

20 Related party transactions

During the year the company purchased £234,486,000 (2019: £332,289,000) of goods and services, £291,462,000 (2019: £298,945,000) of excise duties expenses from Carlsberg Supply Company AG, another group company. At the year-end £50,255,000 (2019: £84,751,000) payable was outstanding and included within creditors, £36,000 (2019: £nil) receivable was outstanding and included within debtors. The amounts outstanding are unsecured, payable within 90 days and no guarantees have been received.

During the year the company purchased £5,385,000 (2019: £6,975,000) of services from Carlsberg Global Business Services A/S, another group company. At the year-end £1,370,000 (2019: £3,144,000) payable was outstanding and included within creditors, £60,000 (2019: £nil) receivable was outstanding and included within debtors. The amounts outstanding are unsecured, payable within 90 days and no guarantees have been received.

During the year the company incurred expenses of £11,373,000 (2019: £10,803,000) in relation to brands marketing and licence/royalty fees from Carlsberg Breweries A/S, another group company. At the year-end £4,990,000 (2019: £2,988,000) payable was outstanding and included within creditors. The company is part of the Group banking arrangement with Carlsberg Breweries A/S as a result an amount was owing to the Company of £6,732,000 (2019: £35,344,000 owed to Carlsberg Breweries A/S). The amounts outstanding are unsecured, payable within 90 days and no guarantees have been received. The amount outstanding is unsecured, repayable on demand and not subject to interest.

During the year the company incurred expenses of £14,000 (2019: £24,000) in relation to licence/royalty fees from Baltika Brewery LLC, another group company. At the year-end £11,000 (2019: £4,000) was outstanding and included within creditors. The amount outstanding is unsecured, payable within 90 days and no guarantees have been received.

During the year the company incurred expenses of £65,000 (2019: £161,000) in relation to licence/royalty fees from Carlsberg Italia S.p.A, another group company. At the year-end £nil (2019: 31,000) was outstanding and included within creditors. The amount outstanding is unsecured, payable within 90 days and no guarantees have been received.

During the year the company incurred expenses of £188,000 (2019: £nil) in relation to licence/royalty fees from Monster the Cat GmbH, another group company. At the year-end £62,000 (2019: £nil) was outstanding and included within creditors. The amount outstanding is unsecured, payable within 90 days and no guarantees have been received.

During the year the company incurred expenses of £64,000 (2019: £nil) in relation to licence/royalty fees from Carlsberg Polska Sp.z.o.o., another group company. At the year-end £45,000 (2019: £14,000) outstanding and included within creditors. The amounts outstanding are unsecured, payable within 90 days and no guarantees have been received.

During the year the company sold goods of £10,000 (2019: £nil) to Carlsberg (China) Breweries and Trading Company Limited, another group company. At the year-end £10,000 (£nil) was outstanding and included within debtors. The amounts outstanding are unsecured, payable within 90 days and no guarantees have been received.

Notes to the financial statements *(continued)*

20 Related party transactions (continued)

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

During the period from 1 November 2020 to 31 December 2020 the company sold £167,000 of goods to Marston's PLC. At the year end £230,000 was outstanding and included within debtors. Marston's PLC became a related party on 30 October 2020. The amounts outstanding are unsecured, payable within 90 days and no guarantees have been received.

See note 5 for disclosure of the directors' remuneration. The Directors consider that the statutory directors are the key management.

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

21 Ultimate parent company and parent company of larger group

On the 30 October 2020 Carlsberg UK Limited became a wholly owned subsidiary of Carlsberg Marston's Brewing Company Limited, previously a wholly owned subsidiary of Carlsberg UK Holdings Limited. The immediate parent undertaking is Carlsberg Marston's Brewing Company Limited, incorporated in England. 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.