

Anheuser-Busch Europe Limited

Annual report and unaudited financial statements

Year ended

31 December 2018

Company Number 02399274



Anheuser-Busch Europe Limited

Company information

Directors	K JF Douws S Jiang S J Turner
Company secretary	Brodies Secretarial Services Limited
Registered number	02399274
Registered office	Bureau 90 Fetter Lane London EC4A 1EN
Accountants	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

Anheuser-Busch Europe Limited

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Anheuser-Busch Europe Limited

Strategic report for the year ended 31 December 2018

The directors present their Strategic report for Anheuser-Busch Europe Limited (the "Company") for the year ended 31 December 2018.

Review of activities and future developments

The principal activity of the Company is that of being the holding company for AB InBev UK Finance Company Limited.

The Company sold its royalty licence to another group undertaking on the first day of the current accounting period, and there is no royalty income expected in the future.

No significant change in the business of the Company is expected in the foreseeable future.

Results

The performance of the Company during the year has been reviewed by the directors and is in line with their expectations and future plans for the Company. As the result of a Group restructure, the Company recorded a loss for the financial year of \$17,442,000 (2017: profit of \$1,940,000) and this has been deducted from reserves, with reserves now amounting to \$1,499,703,000 (2017: \$1,517,145,000).

For all of the Company's investments, the directors are satisfied that the net assets and/or future cash flow forecast of the investee companies adequately support the carrying value of these investments in the Company's financial statements and that no impairment is required as at 31 December 2018.

The detailed results are set out on page 5.

Details of movements during the year in investments, debtors and creditors, including provisions, can be found in notes 10 to 12 to the financial statements.

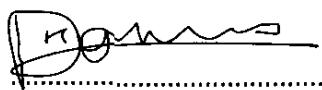
Principal risks and uncertainties

From the perspective of the Company, during the year under review the principal risks and uncertainties were integrated with the principal risks of the Group and were not managed separately. Accordingly, the principal risks and uncertainties of Anheuser-Busch InBev SA/NV include those of the Company and are described in the risks and uncertainties section of the Group's 31 December 2018 annual report, which does not form part of this report. The consolidated financial statements for Anheuser-Busch InBev SA/NV for the year ended 31 December 2018 are available at the address detailed in note 2 to these financial statements.

Key performance indicators ("KPIs")

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

The report was approved by the board and signed on its behalf.


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K JF Douws
Director

Date: 24/09/2019

Anheuser-Busch Europe Limited

Directors' report for the year ended 31 December 2018

The directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2018.

Dividends

The directors declared and paid interim dividends of US\$nil (2017: US\$nil). No final dividends were declared (2017: US\$nil).

Financial risk management

To manage financial risks, the Company has a policy of monitoring cash flows on a regular basis and adapting its funding arrangements as required. Funding from external sources is kept to a minimum, with arrangements in place for any significant borrowing within the Group.

Liquidity and interest rate risk

The Company's arrangements with the Group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through Group funding. Interest receivable and payable on loans with other Group companies are calculated at either fixed or at floating rates of interest. The Group's liquidity requirements and interest rate risks are managed at a Group level.

Credit risk

No material exposure is considered to exist in respect of credit risk with intercompany loans, as all UK and European entities within the AB InBev European Zone share the same treasury facilities.

Currency risk

No material exposure is considered to exist in respect of foreign currency risk. Foreign currency risks are managed and mitigated for all entities within the AB InBev European Zone by the treasury entities based in Luxembourg, who use hedging instruments to mitigate foreign currency movements.

There has been no change in the level of exposure to these risks or how they are managed and mitigated since the previous year.

Directors

The following directors held office during the year and up to the date of signing the financial statements:

K JF Douws (appointed 25 June 2018)

S Jiang (appointed 25 June 2018)

S J Turner

Y Bomans (resigned 25 June 2018)

Directors' insurance and indemnity

Anheuser-Busch InBev SA/NV maintains directors' and officers' liability insurance in respect of its directors and those directors of its subsidiary companies.

Anheuser-Busch Europe Limited

Directors' report (continued) for the year ended 31 December 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

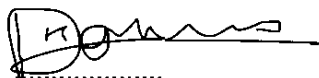
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Post balance sheet events

The Company is involved in a reorganisation step plan where the sale of its investment in ABI Australia Holding Pty Ltd is foreseen.

The directors' approval of the financial statements appears on page 6.

This report was approved by the board and signed on its behalf.


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K J F Douws
Director

Date: 24/09/2019

Anheuser-Busch Europe Limited

Chartered accountants' report to the board of directors on the unaudited financial statements of Anheuser Busch Europe Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Anheuser-Busch Europe Limited for the year ended 31 December 2018 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

It is your duty to ensure that Anheuser-Busch Europe Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Anheuser-Busch Europe Limited. You consider that Anheuser-Busch Europe Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Anheuser-Busch Europe Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Anheuser-Busch Europe Limited, as a body, in accordance with the terms of our engagement letter dated 11 September 2017. Our work has been undertaken solely to prepare for your approval the accounts of Anheuser-Busch Europe Limited and state those matters that we have agreed to state to the board of directors of Anheuser-Busch Europe Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Anheuser-Busch Europe Limited and its board of directors as a body for our work or for this report.



BDO LLP
Chartered Accountants
Reading
UK

Date: 24/09/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Anheuser-Busch Europe Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2018

	Note	2018 US\$('000s)	2017 US\$('000s)
Turnover	4	102	334
Gross profit		<u>102</u>	<u>334</u>
Distribution costs		-	(39)
Operating profit	5	102	295
Interest receivable and similar income	7	357	5,245
Interest payable and similar charges	8	(18,268)	(3,600)
(Loss) / profit on ordinary activities before taxation		<u>(17,809)</u>	<u>1,940</u>
Taxation on (loss) / profit	9	367	-
(Loss) / profit for the financial year		<u><u>(17,442)</u></u>	<u><u>1,940</u></u>
Total comprehensive (expense) / income for the year		<u><u>(17,442)</u></u>	<u><u>1,940</u></u>

All activities during the current and prior year are in respect of continuing activities.

The notes on pages 8 to 23 form part of these financial statements.

Anheuser-Busch Europe Limited

Registered number: 02399274

Balance sheet as at 31 December 2018

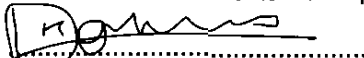
	Note	2018 US\$('000s)	2017 US\$('000s)
Fixed assets			
Investments	10	19,290,294	19,290,294
Current assets			
Debtors: amounts falling due within one year	11	-	59,199
Current liabilities			
Creditors: amounts falling due within one year	12	(694,125)	(735,515)
Net current liabilities		<u>(694,125)</u>	<u>(676,316)</u>
Total assets less current liabilities		<u>18,596,169</u>	<u>18,613,978</u>
Provisions for liabilities			
Deferred taxation	13	(164)	(531)
		<u>(164)</u>	<u>(531)</u>
Net assets		<u>18,596,005</u>	<u>18,613,447</u>
Capital and reserves			
Called up share capital	14, 15	11,218,359	11,218,359
Share premium account	15	5,971,310	5,971,310
Foreign exchange reserve	15	(93,367)	(93,367)
Profit and loss account	15	1,499,703	1,517,145
Total shareholder's funds		<u>18,596,005</u>	<u>18,613,447</u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R JF Douws
Director

Date: 24 09 2019

The notes on pages 8 to 23 form part of these financial statements

Anheuser-Busch Europe Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital US\$('000s)	Share premium account US\$('000s)	Foreign currency translation reserve US\$('000s)	Profit and loss account US\$('000s)	Total shareholder's funds US\$('000s)
At 1 January 2017	11,218,359	5,971,310	(93,367)	1,515,205	18,611,507
Comprehensive income for the year					
Profit for the financial year	-	-	-	1,940	1,940
Total comprehensive income for the year	-	-	-	1,940	1,940
At 1 January 2018	11,218,359	5,971,310	(93,367)	1,517,145	18,613,447
Comprehensive expense for the year					
Loss for the financial year	-	-	-	(17,442)	(17,442)
Total comprehensive expense for the year	-	-	-	(17,442)	(17,442)
At 31 December 2018	11,218,359	5,971,310	(93,367)	1,499,703	18,596,005

The notes on pages 8 to 23 form part of these financial statements.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Bureau, 90 Fetter Lane, London, EC4A 1EN, United Kingdom.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with *Financial Reporting Standard 101 Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14, 2014/15, 2015/16 and 2016/17 cycle) issued in July 2014, July 2015, July 2016 and July 2017 effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company's ultimate parent undertaking, Anheuser-Busch InBev SA/NV includes the Company in its consolidated financial statements. The consolidated financial statements of Anheuser-Busch InBev SA/NV are prepared in accordance with EU Adopted IFRSs, are available to the public and may be obtained from the Corporate Secretary at Anheuser-Busch InBev SA/NV, Brouwerijplein 1, B-3000 Leuven, Belgium.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

Basis of preparation (continued)

As the consolidated financial statements of Anheuser-Busch InBev SA/NV include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures.

- Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill and indefinite life intangible assets; and
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not held as part of a trading portfolio or as derivatives.

Judgements made by the directors in the application of those 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 3.

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the fair valuation of financial instruments. The accounting policies, which have been applied consistently throughout the year, are set out below.

Exemption from preparation of consolidated financial statements

The financial statements contain information about Anheuser-Busch Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA accounts of a larger group.

New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018.

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Company adopted IFRS 9 with a transition date of 1 January 2018. Management has performed an assessment of the intercompany loans held and believe that there is no difference between the contractual and expected future cash flows of those loans, which have all been documented. The loans are all repayable on demand and therefore the simplified approach under IFRS 9 has been followed with 12 month expected credit losses analysed. The impact of this is not material to these financial statements and therefore the loans have not been credit-impaired at the reporting date.

As a result of the adoption of IFRS 9 and the changes in the financial instruments accounting policy, there were no adjustments made to the Company's retained earnings as at 1 January 2018 or 1 January 2017 and there were no adjustments made to line items in the Profit and loss account and other comprehensive income statement for the year ended 31 December 2017 relating to the adoption of IFRS 9.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

New standards, amendments and IFRIC interpretations (continued)

(b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts* as well as various Interpretations previously issued by the IFRS Interpretations Committee.

The Company adopted IFRS 15 with a transition date of 1 January 2018. Prior to 1 January 2018, the Company's income comprised of royalty income. On 1 January 2018 the Company sold its royalty licence to another group undertaking and no longer has any revenue from contracts with customers.

As a result of the adoption of IFRS 15 there were no adjustments made to the Company's retained earnings as at 1 January 2018 or 1 January 2017 and there were no adjustments made to line items in the Profit and loss account and other comprehensive income statement for the year ended 31 December 2017.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 and have had a material impact on the Company.

Turnover

The Company recognises the sales-based or usage-based royalties in other operating income when the later of the following events occurs: (a) the customer's subsequent sales or usage; and (b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Foreign exchange

The Company's financial statements are prepared using the US Dollar as the presentational currency. The US Dollar is also the Company's functional currency, representing the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses are recognised within profit or loss.

Interest receivable and similar income policy

Interest income is recognised on an accruals basis using the effective interest method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

Interest payable and similar charges

Interest payable and similar charges are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Taxation

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

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. The Company's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values, except where the temporary difference arises from goodwill (in the case of deferred tax liabilities) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future years has been entered into by the subsidiary. Deferred income tax is also recognised in respect of the unremitted retained earnings of overseas associates and joint ventures as the Company is not able to determine when such earnings will be remitted and when such additional tax such as withholding taxes might be payable.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is expected that sufficient existing taxable temporary differences will reverse in the future or there will be sufficient taxable profit available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Fixed asset investments

Investments in subsidiaries and associates are stated at cost, together with subsequent capital contributions, less provisions for impairment.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

Impairment of investments

The carrying amounts of the Company's investments 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.

Impairment reviews are performed by comparing the carrying value of the non-current asset with its recoverable amount, being the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is considered to be the amount that could be obtained on disposal of the asset. Value in use is determined by discounting the future post-tax cash flows generated from continuing use of the asset using a post-tax discount rate, as this closely approximates applying pretax discount rates to pre-tax cash flows. Where a potential impairment is identified using post-tax cash flows and post-tax discount rates, the impairment review is re-performed on a pre-tax basis in order to determine the impairment loss to be recorded.

Financial instruments

Financial instruments comprise investments in equity and debt securities and loans receivable.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortised cost or fair value through profit or loss. The classification is based on two criteria: the objective of the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Company's financial assets is as follows:

Debt instruments at amortised cost

These comprise investments in loans and receivables where the contractual cash flows are solely payments of principal and interest and the Company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognised in profit or loss.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (continued)

Financial instruments (continued)

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.

Interest bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between the initial amount and the maturity amount being recognised in profit or loss over the expected life of the instrument on an effective interest rate basis.

Impairment of financial assets

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. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

3. Key estimates and judgements

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported results or net position of the Company, should it later be determined that a different choice be more appropriate.

Management considers the following to be the areas of significant judgement and estimation uncertainty for the Company.

Impairment of investments

Impairment reviews in respect of investments in group undertakings are performed if events indicate that this is necessary. Impairment reviews are based on future cash flows discounted using the weighted average cost of capital for the relevant country with terminal values calculated applying a long-term growth rate. The future cash flows which are based on business forecasts, the long-term growth rates and the discount rates used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change with a consequent impact on the results and net position of the Company.

Impairment of intercompany loans

Impairment provisions for amounts due between companies across the group are recognised based on a forward looking expected credit loss model. Management has reviewed the intercompany loans granted to and by the entity. Based on their assessment they believe that credit risk has not increased significantly since initial recognition and there is no difference between the contractual and expected future cash flows of those intercompany loans, which have all been documented. As a result, none of those loans have been credit-impaired at the reporting date. Management will keep monitoring at each reporting date whether significant increases in credit risk have occurred, based on borrower-specific information, and will adjust the value of the intercompany loans where required.

4. Turnover

	2018 US\$('000s)	2017 US\$('000s)
United Kingdom	102	334

5. Operating profit

The operating profit is stated after charging:

	2018 US\$('000s)	2017 US\$('000s)
Royalties payable to immediate parent undertaking	-	39

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

6. Key management compensation and employees

Key management personnel are considered to be the directors of the Company. The Company had no employees in the year (2017: none). None of the key management personnel received any remuneration for their services as key management personnel of the Company and are not employed by the Company.

During the year, no key management personnel exercised options over US 10 cent shares in ABI SAB Group Holding Limited (2017: none). This is accounted for by the employing company within the Group. One (2017: none) key management personnel exercised options in Anheuser-Busch InBev SA/NV.

Pension contributions, on behalf of the key management personnel, were made by their employing companies within the Group.

7. Interest receivable and similar income

	2018 US\$('000s)	2017 US\$('000s)
Foreign exchange gain	357	5,245

8. Interest payable and similar charges

	2018 US\$('000s)	2017 US\$('000s)
Interest payable to Group undertakings	18,268	3,600

9. Taxation on (loss) / profit

	2018 US\$('000s)	2017 US\$('000s)
Current taxation		
UK corporation tax on (losses) / profits for the year	-	-
Total current tax	-	-
Deferred tax		
Prior year adjustment	(367)	-
Total deferred tax	(367)	-
Taxation on (loss)/profit on ordinary activities	(367)	-

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

9. Taxation on (loss) / profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 US\$('000s)	2017 US\$('000s)
(Loss) / profit on ordinary activities before tax	(17,809)	1,940
(Loss) / profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(3,384)	374
Effects of:		
Group relief	3,017	-
Utilisation of previously unrecognised tax losses	-	(317)
Tax losses not recognised	-	(57)
Total tax charge for the year	(367)	-

Factors that may affect future tax charges

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 17% from April 2020.

A deferred tax asset amount to US\$nil (2017: US\$118,684) has not been recognised due to uncertainty over future earnings.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

10. Investments

	Investment in subsidiary companies US\$('000s)
Cost	
At 1 January 2018	19,290,294
At 31 December 2018	19,290,294
Net book value	
At 31 December 2018	19,290,294
At 31 December 2017	19,290,294

The directors believe that the carrying values of the investments are supported by their underlying net assets.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
AB InBev UK Finance Company Limited ¹	Ordinary	100 %	Holding company
ABI Australia Holding Pty Ltd ²	Ordinary	100 %	Holding company

Registered address:

¹ Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN.

² Level 20, 2 Southbank Boulevard, Southbank VIC 3006.

Indirect investments held by the Company are detailed in note 19.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

11. Debtors: amounts falling due within one year

	2018 US\$('000s)	2017 US\$('000s)
Amounts due from Group undertakings	-	59,199

The amounts due from Group undertakings are unsecured, non interest bearing and repayable on demand.

12. Creditors: amounts falling due within one year

	2018 US\$('000s)	2017 As restated US\$('000s)
Loans owed to fellow Group undertakings	687,634	731,634
Amounts owed to fellow Group undertakings	6,491	3,881
	<u>694,125</u>	<u>735,515</u>

Loans owed to fellow Group undertakings are unsecured, repayable on demand and bear interest at a floating rate of three month LIBOR plus margin 0.25% (2017: 3 month LIBOR plus margin 0.25%).

Amounts owed to fellow Group undertakings are unsecured and repayable on demand; one portion is interest free, another portion bears daily interest rate mirroring the external daily market rates applicable to the header of the pool (2017: 1 month LIBOR).

13. Deferred taxation

	2018 US\$('000s)	2017 US\$('000s)
At beginning of year	(531)	(531)
Charged to profit or loss	367	-
At end of year	<u>(164)</u>	<u>(531)</u>

The deferred taxation balance is made up as follows:

	2018 US\$('000s)	2017 US\$('000s)
Other timing differences	<u>(164)</u>	<u>(531)</u>

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Share capital

	2018 US\$('000s)	2017 US\$('000s)
Authorised, allotted, called up and fully paid		
9,001,046,241 Ordinary shares of £1 each (2017: 9,001,046,241)	11,218,359	11,218,359

The Company has one class of Ordinary share which is entitled to one vote in any circumstances.

Each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the Company.

15. Reserves

Reserves are comprised of the following:

Called up share capital represents the nominal value of shares subscribed for.

Share premium account represents amounts subscribed for share capital in excess of nominal value, net of issue cost.

Other reserve account represents one-off gifts to the Company, made by way of capital contributions by Anheuser-Busch International Inc.

The foreign currency translation reserve represents foreign exchange differences arising due to the change in the Company's presentation currency from Pound Sterling to United States Dollars.

The Company's Profit and loss account represents cumulative profits and losses net of transactions with owners (e.g. dividends) not recognised elsewhere.

16. Capital commitments and contingent liabilities

There were no capital commitments or material contingent liabilities at 31 December 2018 (31 December 2017: US\$nil).

17. Pension commitments

There is a defined contribution scheme within Anheuser-Busch Europe Limited, but there are no active members. At the year end, the Company has no outstanding liabilities to the defined contribution scheme (2017: US\$nil).

18. Ultimate parent undertaking

The immediate parent undertaking is Ambrew S.à.r.l., an entity incorporated in Luxembourg.

The ultimate parent and controlling party is Anheuser-Busch InBev SA/NV, a company incorporated in Leuven, Belgium. Anheuser-Busch InBev SA/NV is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Anheuser-Busch InBev SA/NV's consolidated financial statements can be obtained from Brouwerijplein 1, B-3000 Leuven, Belgium.

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

19. Holdings in subsidiary undertakings indirectly held by the Company

Unless indicated all shares are 100% held by group companies and effective interest are 100%

(a) Indirect wholly owned subsidiaries

Name	Registered address	Holding	Class of shares
ABI Australia Holding Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
Amanaya Pty. Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
Anglemaster Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£0.25 Ordinary
Anheuser Busch InBev Australia Pty Limited	TMF CORPORATE SERVICES (AUST) PTY, Level 16, 201 Elizabeth Street, Sydney VIC 2000, Australia	100 %	AUD1.00 Ordinary
Bourse du Vin Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00 Ordinary
Brewing Holdings Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD0.50 Ordinary
Brewing Investments Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
Brewman Group Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£0.25 Ordinary
Bright Star Investments Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	US\$1.00 Ordinary
Bulmer Australia Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD Ordinary
Carlton and United Breweries Holdings (UK) Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00 Ordinary
Cascade Brewery Company Pty Ltd	Cascade Brewery, Cascade Road, South Hobart TAS 7004, Australia	100 %	AUD1.00 Ordinary
Cascade Brewery Company Pty Ltd	Cascade Brewery, Cascade Road, South Hobart TAS 7004, Australia	100 %	AUD1.00 Redeemable preference
Craigburn Land Co. Pty. Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 ordinary
CUB (New Zealand) Limited	91 Customhouse Street, Gisborne, Gisborne, 4010, New Zealand	100 %	NZD1.00 Ordinary
CUB (NZ) Holding Co Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
CUB People Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
CUB Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 CLASS A
CUB Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
Dismin Investments Pty. Ltd.	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary £0.25 8% Cumulative Redeemable
Dreamgame Limited	90 Fetter Lane, London, EC4A 1EN	100 %	Preference
Dreamgame Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£0.25 Ordinary
East West Oriental Brewing Company Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00 Ordinary

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

19. Holdings in subsidiary undertakings indirectly held by the Company (continued)				
EFG Australia Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	'A' Ordinary
EFG Australia Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	'B' Ordinary
EFG Finance Leasing Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD2.00	Ordinary
EFG Investments Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Non-cumulative preference
EFG Investments Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
EFG Securities Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	A Ordinary
EFG Securities Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	B Ordinary
EFG Securities Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Non-cumulative preference
EFG Treasury Pty Limited	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
ELFIC Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	A Ordinary
ELFIC Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	B Ordinary
Elstone Developments Pty. Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
FBG Brewery Holdings UK Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00	Ordinary
FBG Finance Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
FBG Holdings (UK) Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00	Ordinary
FBG International Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00	Ordinary
FBG Treasury (Aust.) Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
FBG Treasury (UK) Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00	Ordinary
Foster's Brands Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00	Ordinary
Foster's Brewing Group Pty. Ltd.	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
Fosters Group Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD	Ordinary
I-NOVA Consulting Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD	Ordinary
Kangaroo Ridge Wines Europe Ltd	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00	Ordinary
Liana Cottage Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	1.00	Ordinary
MBBC Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	1.00	Ordinary
New Crest Investments Pty. Ltd.	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00	Ordinary
Queensland Breweries Pty Ltd	Yatala Brewery, Pacific Hwy, Yatala QLD 4207, Australia	100 %	1.00	Cumulative preference
Queensland Breweries Pty Ltd	Yatala Brewery, Pacific Hwy, Yatala QLD 4207, Australia	100 %	1.00	Ordinary

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

19. Holdings in subsidiary undertakings indirectly held by the Company (continued)			
	Level 20, 2 Southbank Boulevard, Southbank		
RSG Land Group Pty Ltd	VIC 3006	100 %	AUD2.00 Ordinary
SAB Asia Capital LLP	90 Fetter Lane, London, EC4A 1EN	100 %	USD1.00 Ordinary
SAB Australia Beverage Holdings LLP	90 Fetter Lane, London, EC4A 1EN	100 %	US\$1.00 Ordinary
SAB Australia Investment Holdings Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
AB InBev Australia Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD Ordinary - No par value
SAB Beverage Investments Pty Limited	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD Ordinary - No par value
SAB Capital Au Pty Limited	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD Ordinary - No par value
SAB Financing Southern LLP	90 Fetter Lane, London, EC4A 1EN	100 %	US\$1.00 Ordinary
SABMiller Investments Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
Silvester Brothers (AMH) Pty. Limited	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 A Class
Somar Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	AUD1.00 Ordinary
The Continental Spirits Company Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	1.00 Ordinary
The Wine Exchange Limited	90 Fetter Lane, London, EC4A 1EN	100 %	£1.00 Ordinary
Voskane Pty Ltd	Level 20, 2 Southbank Boulevard, Southbank VIC 3006	100 %	1.00 Ordinary

Anheuser-Busch Europe Limited

Notes to the financial statements for the year ended 31 December 2018

19. Holdings in subsidiary undertakings indirectly held by the Company (continued)

(b) Associates

Name	Registered address	Holding	Class of shares
Exchange for Change (ACT) Pty Ltd	Building C' Suite 6, Level 1, 1 Homebush Bay Drive, Rhodes, NSW	25 %	Ordinary
Exchange for Change (NSW) Pty Ltd	Building C' Suite 6, Level 1, 1 Homebush Bay Drive, Rhodes, NSW	25 %	Ordinary
Exchange for Change (Australia) Pty	Building C' Suite 6, Level 1, 1 Homebush Bay Drive, Rhodes, NSW	25 %	Ordinary
International Trade & Supply Limited	Citco Building, Wickhams Cay, P O Box 662, Road Town, Tortola, British Virgin Islands	40 %	US\$1.00 Ordinary