

Beam Global International Limited
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2010

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COMPANIES HOUSE

Beam Global International Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K R Rose (resigned 1 January 2010)
P M McKay (appointed 1 January 2010)
R C Patrick (appointed 1 January 2010 and resigned 30 September 2011)
J G Stordy (resigned 30 October 2010)
D P Gaynor (resigned 24 March 2011)
A Baladi (appointed 24 March 2011)
M D P Bermudez De La Puente Sanchez-Aguilera (appointed 30 October 2010)

SECRETARY

Lycidas Secretaries

REGISTERED OFFICE

Dalmore House
310 St Vincent Street
Glasgow
G2 5RG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

BANKERS

The Royal Bank of Scotland
London
EC2M 4XJ

SOLICITORS

McClure Naismith
292 St. Vincent Street
Glasgow
G2 5TQ

Beam Global International Limited

DIRECTORS' REPORT

The directors submit their report and audited financial statements of Beam Global International Limited for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to provide marketing, commercial and financial support services to fellow members of the Beam Global group.

REVIEW OF THE BUSINESS

The results for the company show a loss of £2.9 million (2009: profit £2.0 million) for the financial year and turnover amounted to £7.7 million (2009: £13.5 million). Net liabilities at 31 December 2010 were £3.5 million (2009: £0.6 million (restated)). This company is supported by the Beam Spirits and Wines Inc. group who have undertaken to support this entity to meet its financial obligations.

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.

FUTURE DEVELOPMENTS

Many of the economies in which the Beam Global group trades in are experiencing low or negative growth and the period to recover is uncertain. However, the company expects demand for its service to remain consistent.

The assets and liabilities of this company were transferred to another group company Beam Inc. UK Limited (formerly Beam Global UK Limited) at book value on 1st July 2011.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,941,000. The directors have not recommended payment of a dividend (2009: £nil).

FINANCIAL INSTRUMENTS

The future performance of the company is subject to a number of risks. The key risks and uncertainties affecting the company are considered to relate to the impact of the economic slowdown on the Beam group of companies to which it supplies services to. These companies produce, market and distribute premium brand alcoholic beverages, the demand for which is being adversely affected by the slowdown with a potential knock-on effect on demand for this company's services.

DIRECTORS

The directors who served the company during the year were as follows:

D P Gaynor
J G Stordy
P M McKay
K R Rose
R C Patrick
M D P Bermudez De La Puente
Sanchez-Aguilera

K R Rose resigned as a director on 1 January 2010.

P M McKay was appointed as a director on 1 January 2010.

R C Patrick was appointed as a director on 1 January 2010 and resigned 30 September 2011.

J G Stordy resigned as a director on 30 October 2010.

D P Gaynor resigned as a director on 24 March 2011

A Baladi was appointed as a director on 24 March 2011.

M D P Bermudez De La Puente Sanchez-Aguilera was appointed as a director on 30 October 2010.

Beam Global International Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board



M D Pino Bermudez De La Puente Sanchez-Aguilera

Director

1 December 2011

Beam Global International Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing 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 those 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEAM GLOBAL INTERNATIONAL LIMITED

We have audited the financial statements of Beam Global International Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Kenneth Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
1 December 2011

Beam Global International Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

		2010	2009 (restated)
	Note	£'000	£'000
TURNOVER	1	7,696	13,453
Cost of sales		<u>(12,825)</u>	<u>(13,541)</u>
GROSS (LOSS)/PROFIT		(5,129)	(88)
Other income	5	1,948	2,645
Other expenses	6	<u>-</u>	<u>(173)</u>
OPERATING (LOSS)/PROFIT	2	(3,181)	2,384
Interest receivable and similar income	7	353	1
Interest payable and similar charges	8	<u>(113)</u>	<u>(433)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,941)	1,952
Tax on (loss)/profit on ordinary activities	9	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(2,941)</u>	<u>1,952</u>

The loss for the financial year arises from the company's continuing operations.

The restated prior year figures take into account a prior year adjustment, detailed in Note 10, as well as the reallocation of various items for classification purposes to allow comparison with current year balances.

Beam Global International Limited
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

	2010	2009
	£'000	(restated) £'000
Loss for the financial year	(2,941)	1,952
Total recognised gains and losses relating to the year	(2,941)	1,952
Prior year adjustment (see note 10)	1,747	—
Total recognised gains and losses since the last financial statements	(1,194)	1,952

Beam Global International Limited**BALANCE SHEET**

as at 31 December 2010

		2010	2009
	Note	£'000	(restated)
			£'000
FIXED ASSETS			
Tangible assets	11	<u>94</u>	<u>16</u>
CURRENT ASSETS			
Stocks	12	—	426
Debtors	13	2,828	8,590
Cash at bank and in hand		<u>—</u>	<u>19</u>
		2,828	9,035
CREDITORS			
Amounts falling due within one year	14	(6,456)	(9,644)
NET CURRENT LIABILITIES		(3,628)	(609)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,534)	(593)
CAPITAL AND RESERVES			
Share capital	16	—	—
Profit and loss account		(3,534)	(593)
SHAREHOLDERS' DEFICIT	17	(3,534)	(593)

The financial statements on pages 6 to 16 were approved by the Board of directors and authorised for issue on 21 November 2011 and are signed on their behalf by:



M D Pino Bermudez De La Puente Sanchez-Aguilera
Director

1 December 2011

Beam Global International Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards, the Companies Act 2006 and the accounting policies stated below.

As the Directors are aware that Beam Global International Limited will cease to trade going forward, the accounts have been prepared on a break-up basis instead of a going concern basis. There are no differences in presentation and measurement of balances as a result of this.

CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Beam Inc. (formerly known as Fortune Brands Inc.) and is included in the consolidated financial statements of Beam Inc. (formerly known as Fortune Brands Inc.) which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

TURNOVER

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment	-	7 to 10 years
Computer Equipment	-	3 years
Plant & Machinery	-	10 years

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

TAXATION

Current tax, including UK corporation and deferred tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Beam Global International Limited

ACCOUNTING POLICIES

PENSION COSTS

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in the statement of total recognised gains and losses.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in profit or loss.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Beam Global International Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

1 TURNOVER

The company's activities consist of the provision of marketing and support services to fellow members of the Beam group.

2 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2010 £'000	2009 £'000
Depreciation of owned fixed assets	14	13
Pension contributions	412	499
Directors' remuneration	–	841
Auditors' remuneration		
- as auditor	30	25
Operating lease costs:		
- Other	29	277

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2010 Number	2009 Number
Management	12	23
Administration	21	32
	33	55

The aggregate payroll costs of the above were:

	2010 £'000	2009 £'000
Wages and salaries	4,686	5,229
Social security costs	497	456
Other pension costs	412	499
	5,595	6,184

Beam Global International Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

4 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2010	2009
	£'000	£'000
Aggregate emoluments and amounts (excluding shares) receivable under long-term incentive plans	-	234
Compensation for loss of office	-	607
	<u>-</u>	<u>841</u>

The remuneration of the directors is borne by a fellow group company. No significant part of the directors' remuneration is directly attributable to the Company (2009: £Nil) and the directors do not believe it is practicable to allocate a percentage of their remuneration to the Company.

5 OTHER INCOME

	2010	2009
	£'000	(restated) £'000
Proof services revenue	<u>1,948</u>	<u>2,645</u>

6 OTHER EXPENSES

	2010	2009
	£'000	£'000
Redundancy costs	<u>-</u>	<u>173</u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£'000	(restated) £'000
Foreign exchange gain	353	-
Other interest income	-	1
	<u>353</u>	<u>1</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£'000	(restated) £'000
Interest payable to group undertakings	107	71
Other financial charges	6	3
Foreign exchange loss	-	359
	<u>113</u>	<u>433</u>

Beam Global International Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

9 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	2010 £'000	2009 (restated) £'000
UK Corporation tax charge on profit for the year	-	-

b) Factors affecting current tax charge

The tax charge in the (loss)/profit on ordinary activities is higher (2009: lower) than the standard rate of corporation tax in the UK of 28% (2009: 28%).

	2010 £'000	2009 (restated) £'000
(Loss)/Profit on ordinary activities before taxation	(2,941)	1,952
Profit on ordinary activities at standard rate of tax	(823)	547
Expenses not deductible for tax purposes	7	9
Short term timing differences	(82)	101
Group losses (claimed)/surrendered without payment	899	(657)
Total current tax	-	-

c) Factors affecting future tax charge

During the year, there was a change in the UK main corporation tax rate from 28% to 27%. The change was substantively enacted on 20 July 2010 and was effective from 1 April 2011.

Further reductions to the UK corporation tax rate were announced in the March 2011 budget, including a further reduction to the UK main corporation tax rate of 26% which became effective on 1 April 2011. Further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements. Had these changes been substantively enacted at the balance sheet date they would not have had a material impact on the financial statements.

10 PRIOR YEAR ADJUSTMENT

In 2009, expenses were incurred by Beam Global International Ltd that should have been re-billed to the parent undertaking, Beam Inc. (formerly known as Fortune Brands Inc.), during the year. Due to an omission, these were re-billed during 2010. This income amounts to £1,747,000 and the 2009 turnover has been restated to include this sum.

Beam Global International Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

11 TANGIBLE FIXED ASSETS

	Plant & Machinery £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2010	13	35	48
Additions	—	93	93
At 31 December 2010	13	128	141
Depreciation			
At 1 January 2010	8	24	32
Charge for the year	3	12	15
At 31 December 2010	11	36	47
Net book value			
At 31 December 2010	2	92	94
At 31 December 2009	5	11	16

12 STOCKS

	2010 £'000	2009 (restated) £'000
Finished goods	—	426

13 DEBTORS

	2010 £'000	2009 £'000
Trade debtors	145	520
Amounts owed by group undertakings	2,660	7,812
VAT recoverable	2	107
Other debtors	12	80
Prepayments and accrued income	9	71
	2,828	8,590

Amounts owed by group undertakings are repayable on demand and interest free.

14 CREDITORS: Amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	277	393
Amounts owed to group undertakings	3,554	6,532
Other creditors	546	5
Accruals and deferred income	2,079	2,714
	6,456	9,644

Amounts owed to group undertakings are repayable on demand with interest charged at 2.5% above LIBOR.

Beam Global International Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

15 RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

16 SHARE CAPITAL

	2010 £'000	2009 £'000
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	-	-

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 (restated) £'000
Opening shareholders' deficit	(593)	(2,545)
(Loss)/profit for the financial year	(2,941)	205
Prior year adjustment (see note 6)	-	1,747
Closing shareholders' deficit	<u>(3,534)</u>	<u>(593)</u>

18 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2010 £'000	Land & Buildings 2009 £'000
Operating leases which expire		
Within 1 year	-	60
Within 2 to 5 years	-	-
After more than 5 years	-	-
	<u>-</u>	<u>60</u>

Beam Global International Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

19 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account. The company also participates in a defined benefit pension scheme for UK employees, the Beam UK Pension Plan (the Plan), along with three other operating companies within the UK group. This fund is closed to new entrants. The assets of the Plan are held in a separate trustee administered fund which are subject to regular actuarial valuations every three years. A formal valuation of the Plan was undertaken as at 5 April 2010.

The Plan had a shortfall relative to its statutory funding objective of £0.70 million at the valuation date. This means that the assets of £19.91 million covered 97% of the Plan's technical provisions. Special contributions have been paid to the Plan to aim to remove the shortfall. These included contributions of £0.565 million per annum for the period 5 April 2010 to 31 March 2011 along with a lump sum contribution of £0.133 million paid in March 2011. For the purposes of FRS17, the contributions paid by the company are accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the scheme.

20 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company and controlling party is Beam Global Spirits & Wine Inc, which is incorporated in Delaware, USA.

The ultimate parent company and controlling party is Beam Inc. (formerly known as Fortune Brands Inc.) which is incorporated in Delaware, USA. Copies of the ultimate parent company's financial statements are available from Fortune Brands Inc, 520 Lake Cook Road, IL60015, USA.

21 SUBSEQUENT EVENTS

Effective 1st July 2011, Beam Global International Ltd transferred all assets and liabilities to Beam Inc. UK Limited (formerly known as Beam Global UK Ltd). All contracts and communications having been duly executed.

On 28 June 2011 it was resolved to allot 3,500,000 ordinary shares of £1 at par, each fully paid, to Beam Global Spirits and Wine Inc.