Registered no 3814229

SUNTORY EUROPE PLC

Annual report

for the year ended 31 December 2012

SUNTORY EUROPE PLC

Annual report
for the year ended 31 December 2012

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activities
The Company is a wholly owned subsidiary of Suntory Holdings Limited The Company's business is principally to assist Suntory's subsidiaries and affiliates in obtaining finance To that end, the Company is authorised to issue public and private notes and similar securities, to borrow funds and to raise finance by variety of other means

Payment policy
It is the Company's policy to settle all debts with its creditors on a timely basis, taking account of the credit period given by each supplier

Going concern
The directors can confirm that the company will continue to receive support from its parent company, Suntory Holdings Limited Suntory Holdings Limited will provide any necessary support to the company until at least one year from the date of the signing of the financial statements

Results and dividends
The directors do not recommend the payment of a dividend (2011· nil) and a profit of GBP225,109 (2011 loss of GBP326,609) has been transferred to reserves

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

Directors
The directors of the Company during the year and up to the date of this report are listed below·

Makiko Ono	(Managing Director, resigned on 1 April 2013)
Shoichi Ishii	(Managing Director, appointed on 1 April 2013)
Kozo Chiji	
Yasuhiro Koike	(Director, resigned on 1 April 2013)
Tatsushi Kyushima	(Director, appointed on 1 April 2013)

Special provisions relating to small companies
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Statement of directors' responsibilities
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 prepared 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,

Directors' report
for the year ended 31 December 2012 (continued)

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Statement as to disclosure of information to auditors
Each of the Directors confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting

By order of the board

Shoichi Ishii
Managing Director
30 May 2013

Independent auditors' report to the members of Suntory Europe Plc

We have audited the financial statements of Suntory Europe plc for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains, the Balance Sheet and Losses 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 Statement of directors' responsibilities set out on page 1 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 In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 and of its profit 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

Independent auditors' report to the members of Suntory Europe Plc (continued)

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Tony Nicol (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 May 2013

Profit and loss account for the year ended 31 December 2012

	Notes	2012 GBP	2011 GBP
Turnover	2	**1,872,968**	1,759,266
Interest payable and similar charges	3	**(1,498,949)**	(1,410,188)
Gross profit		**374,019**	349,078
Changes in fair value of derivatives		**61,848**	(1,818,509)
Administrative expenses, including exchange gains and losses		**(146,799)**	1,161,101
Operating profit/(loss)		**289,068**	(308,330)
Profit/(loss) on ordinary activities before taxation	5	**289,068**	(308,330)
Tax on profit/(loss) on ordinary activities	6	**(63,959)**	(18,279)
Profit/(loss) for the financial year		**225,109**	(326,609)

The above results relate to continuing operations

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the years stated above and their historical cost equivalents

Statement of total recognised gains and losses for the year ended 31 December 2012

	Notes	2012 GBP	2011 GBP
Profit/(loss) for the year		**225,109**	(326,609)
Movement on hedging reserve	13	**(626,822)**	(1,793,932)
Total recognised (losses) for the year		**(401,713)**	(2,120,541)

Balance sheet
as at 31 December 2012

	Notes	2012 GBP	2011 GBP
Current assets			
Debtors	8	**82,225,752**	62,893,191
Deferred tax asset	9	**164,478**	228,437
Cash at bank and in hand		**1,629,167**	1,343,618
		84,019,397	64,465,246
Creditors: amounts falling due within one year	10	**(24,072,066)**	(13,279,921)
Net current assets		**59,947,331**	51,185,325
Total assets less current liabilities		**59,947,331**	51,185,325
Creditors: amounts falling due after more than one year	11	**(54,015,318)**	(44,851,599)
Net assets		**5,932,013**	6,333,726
Capital and reserves			
Called up share capital	12	**7,000,000**	7,000,000
Other reserves	13	**(2,463,719)**	(1,836,897)
Profit and loss account	13	**1,395,732**	1,170,623
Total shareholders' funds	13	**5,932,013**	6,333,726

The financial statements on pages 5 to 19 were approved by the board of directors on 30 May 2013 and were signed on its behalf by

Shoichi Ishii
Managing Director

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

These financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year

Functional and presentational currency

Management has assessed the functional currency of the company particularly in light of geographical locations to which the company finances, the currency of the funds borrowed to raise finance and the location of where key decisions are being made This was resulted in a change to the company's functional and presentational currency from Japanese Yen to Pounds Sterling This change has been applied prospectively with the comparatives restated for presentational currency only

Cash flow statement

Under Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statements', the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its immediate parent undertaking includes the Company in its own published consolidated financial statements

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the current month of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain

Deferred tax is measured at the average tax rates that are 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 substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Turnover

Turnover comprises interest income receivable on amounts owed by group undertakings and amounts held in bank and cash Interest income is recognised on a time-proportion basis using the effective interest method

Financial assets

The Company classified its financial assets into the categories of loans and receivables The classification depends on the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged The Company treats certain derivatives as a trading instrument and hence they are fair valued through the profit and loss account and designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or
(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items

The fair values of various derivative instruments used for hedging purposes are disclosed in note 14 Movements on the hedging reserve in other comprehensive income are shown in note 13 The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months Trading derivatives are classified as a current asset or liability

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk The company only applies fair value hedge accounting for hedging fixed interest risk on borrowings The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs' The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net' Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the year to maturity

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'

Amounts accumulated in equity are reclassified to profit or loss in the years when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place) The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'revenue' However, when the forecast transaction that is hedged results in the recognition of a nonfinancial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'

Financial risk factors

The Company's financial instruments, other than short-term bank loans and overdrafts, are medium term notes The main purpose of this financial instrument is to raise and manage finance for the companies

The Company enters into derivative transactions for the following purpose:
To manage the interest rate and currency risks arising from the Company's operations and its sources of finance, principally through holding interest rate swaps and currency swaps

The most significant risks faced by the Company are managed as follows

Market risk

Assets and liabilities are stated in the balance sheet at amounts which the Company expects to receive or pay at maturity, taking into consideration current exchange rate The Company does not take non-hedged positions in quoted market instruments for trading purposes and as such any market volatility should not affect the carrying values of the Company's assets or liabilities Those asset/liability instruments used as hedging tools give by their very nature a neutral effect to the Company on any market change

Interest rate risk

Wherever practicable, interest rate payable profiles are matched with interest rate receivable profiles. Where this is not possible on a direct allocation basis consideration is given, dependent upon market conditions, to taking out Interest Rate Swap contracts to hedge the interest rate risk Interest rate trends are constantly monitored, although unexpected interest rate movements cannot be predicted,

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

and interest rate exposures are kept to a minimum

For this reason, the directors believe that no disclosure of the sensitivity analysis is needed as fluctuations in interest rates would not have a material impact on the post-tax profit.

Credit risk

Credit risk is managed on a company basis Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to loan receivable from group companies For banks and financial institutions, only independently high rated parties are accepted Risk control assesses the credit quality of the group companies taking into account its financial position, past experience and other factors Individual risk limites are set based on internal or external ratings in accordance with limits set by the Board The utilisation of credit limits is regularly monitored

Liquidity risk

Liquidity for the Company comes from the Medium Term Note programme, borrowings from banks and group companies Notes are issued with varying terms to spread the maturity dates In general these maturing notes will be replaced with new issues of Medium Term Notes, borrowings from banks and group companies

Financial instruments, in particular interest rate swap and interest rate and currency swaps, are used to manage the financial risks arising from the business activities of the Company and the financing of those activities There is no trading activity in financial instruments

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows Balances due within 12 months approximate to their carrying values as the impact of discounting are not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As 31 December 2012	GBP	GBP	GBP	GBP
Bank loans	**18,922,685**	**407,616**	**43,852,528**	-
Group company loans	**2,821,902**	**308,318**	**10,342,956**	
Derivative financial instruments	**1,026,201**	**864,603**	**1,057,182**	-
Accruals	**441,272**	-	-	-

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As 31 December 2011	GBP	GBP	GBP	GBP
Bank loans	11,466,394	6,752,146	40,155,191	-
Derivative financial instruments	628,509	628,509	1,150,632	-
Accruals	372,784	-	-	-

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's and (its borrowers') ability to continue as a going concern in order to provide stability of financing for the group and to maintain an optimal capital structure to reduce the cost of capital

During 2012, the Company's strategy, which was unchanged from 2011, was to issue Euro Medium term Notes and borrow bank loans and group company's loan in order to meet group companies' demand for working capital As a result, the net balance of Euro Medium term Notes payable, bank loans and group companies' loans increased by GBP 19,322,403 compared to 2011

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method The different levels have been identified as follow

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quotes prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December

	Level 1	**Level 2**	**Level 3**	**Total**
As 31 December 2012	**GBP**	**GBP**	**GBP**	**GBP**
Liabilities				
Derivatives	-	2,784,418	-	2,784,418
Total liabilities	-	2,784,418	-	2,784,418

	Level 1	Level 2	Level 3	Total
As December 2011	GBP	GBP	GBP	GBP
Liabilities				
Derivatives	-	2,219,444	-	2,219,444
Total liabilities	-	2,219,444	-	2,219,444

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis These instruments are included in level 1

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 Turnover

	2012 GBP	2011 GBP
Interest receivable and similar income		
Group interest receivable	1,872,968	1,756,994
Bank deposit	-	2,272
	1,872,968	1,759,266

59% of turnover is attributable to geographical markets outside the United Kingdom (2011 58%)

3 Interest payable and similar charges

	2012 GBP	2011 GBP
Euro Medium Term Notes	-	233,803
Bank loans	1,491,868	1,090,875
Group company loans	7,081	85,510
	1,498,949	1,410,188

4 Directors' emoluments and employees

The emoluments of 3 directors are paid by the ultimate parent company, Suntory Holdings Limited, which makes no recharge to the Company for the value of these services The directors are also directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries Except for 3 directors, there are no employees in the company

5 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)

	2012 GBP	2011 GBP
Auditors' remuneration		
- audit services	18,500	22,000
- other assurance	11,300	11,000
- tax compliance services	10,000	31,000
Foreign exchange gain	(25,938)	(1,271,554)

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Tax on profit/(loss) on ordinary activities

(a) Analysis of charge in the year

	2012 GBP	2011 GBP
Current tax:		
Adjustment in respect of previous years	-	-
Total current tax credit (note 6(b))	-	-
Deferred tax:		
Origination and reversal of timing differences	(63,959)	(18,279)
Total deferred tax (note 9)	(63,959)	(18,279)
Tax on profit/(loss) on ordinary activities	(63,959)	(18,279)

(b) Factors affecting tax (charge) for the year

The tax assessed for the year is lower (lower in 2011) than the standard rate of corporation tax in the UK of 24 5% (2011 26 5%) The differences are explained below

	2012 GBP	2011 GBP
Profit/(loss) on ordinary activities before tax	289,068	(308,330)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	70,822	(81,707)
Effects of		
Non-deductible expenses	2,317	931
Capital allowances in excess of depreciation	(85)	(116)
Prior year adjustment – tax effect of spreading (note 9)	(55,968)	(60,538)
Tax loss carried forward	(17,086)	141,430
Current tax credit for the year (note 6(a))	-	-

During the year, as a result of the change in the UK main Corporation tax rate from 24% to 23% that was substantively enacted during the year, and effective from 1 April 2013, the relevant deferred tax balances have been re-measured

In addition to this change in the rate of Corporation tax, a number of further changes to the UK Corporation tax system have been announced in the 2012 Autumn Statement and the March 2013 Budget These include further reductions to reduce the main rate to reduce the rate to 21% by 1 April 2014 and to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The directors are of the opinion that the financial effect of these future rate reductions will not be significant

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Financial instruments by category

The accounting policies for derivative financial instruments on page 8 have been applied to the line items below

	Loans and receivables	Assets at fair value through profit and loss	Derivatives Used forhedging	Total
	GBP	GBP	GBP	GBP
Assets				
at 31 December 2012				
Debtors	82,225,752	-	-	82,225,752
Cash at bank and in hand	1,629,167	-	-	1,629,167
	83,854,919	**-**	**-**	**83,854,919**
Assets				
at 31 December 2011				
Debtors	62,893,191	-	-	62,893,191
Cash at bank and in hand	1,343,618	-	-	1,343,618
	64,236,809	**-**	**-**	**64,236,809**

	Other financial liabilities	Liabilities at fair value through profit and loss	Derivatives Used for Hedging	Total
	GBP	GBP	GBP	GBP
Liabilities				
at 31 December 2012				
Creditors amounts falling due within one year	21,287,648	320,699	2,463,719	24,072,066
Creditors amounts falling due after more than one year	54,015,318	-	-	54,015,318
	75,302,966	**320,699**	**2,463,719**	**78,087,384**
Liabilities				
at 31 December 2011				
Creditors amounts falling due within one year	11,060,477	382,547	1,836,897	13,279,921
Creditors amounts falling due after more than one year	44,851,599	-	-	44,851,599
	55,912,076	**382,547**	**1,836,897**	**58,131,520**

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Debtors

	2012 GBP	2011 GBP
Amounts owed by group undertakings	**82,225,752**	62,893,191
	82,225,752	62,893,191

The carrying amount of debtors is a reasonable approximation to fair value

As of 31 December 2012, amounts owed by group undertakings included no balances which had been impaired, provided for nor which were past their due date

The credit quality of debtors that are neither past due nor impaired is assessed by reference to external credit ratings where available Where no external credit rating is available, historical information about counterparty default rates is used

The debtors that are neither past due nor impaired are shown below

	2012 GBP	2011 GBP
Existing counter parties (more than 6 months) with no defaults in the past	**82,225,752**	62,893,191

Amounts owed by group undertakings are receivable in full on their respective maturity dates and carry interest between 2 15% and 3 36% (2011 between 2 55% and 3 50%)

The carrying amounts of debtors are denominated in the following currencies

	2012 GBP	2011 GBP
Pounds	**36,000,000**	**28,150,000**
Euros	**46,225,752**	**34,743,191**
	82,225,752	**62,893,191**

Notes to the financial statements
for the year ended 31 December 2012 (continued)

9 Deferred tax asset

	2012 GBP	2011 GBP
At 1 January	**228,437**	246,716
Charged to the profit and loss account	**(63,959)**	(18,279)
At 31 December	**164,478**	228,437

The deferred tax asset of GBP 164,478 relates to the tax effect of the 2006 adjustment on transition to FRS 26 as at 31 December 2012 The full transitional spreading adjustment relating to FRS 26 is to be deferred and spread over ten years from the year ended 31 December 2006 (inclusive) The tax effect of the full transitional adjustment at 31 December 2012 is GBP 164,478 (2011 GBP 228,437) and seven deductions have already been taken. Furthermore the Company has tax losses carried forward as of 31 December 2012 of GBP 8,005,241 (tax effect of GBP 1,921,258) (2011. tax loss carried forward of GBP 8,074,977 and tax effect of GBP 2,018,744) which have not been fully recognised, due to future forecasts of profitability

10 Creditors: amounts falling due within one year

	2012 GBP	2011 GBP
Bank loans	**18,496,376**	10,687,693
Group company loans	**2,350,000**	-
Derivatives financial instruments	**2,784,418**	2,219,444
Accruals	**441,272**	372,784
	24,072,066	13,279,921

Bank loans are payable in full on their respective maturity dates and carry interest between 0 44% and 1 11% (2011 0 82% and 1 25%)

The carrying amount of creditors falling due within one year is a reasonable approximation to fair value

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Creditors: amounts falling due after more than one year

	2012 GBP	2011 GBP
Bank loans	**43,572,949**	44,851,599
Group company loans	**10,442,369**	-
	54,015,318	44,851,599

The carrying amounts and fair value of the borrowings due after more than one year are as follows

	Carrying amount 2012 GBP	Fair value 2012 GBP	Carrying amount 2011 GBP	Fair value 2011 GBP
Bank loans	**43,572,949**	**43,860,090**	44,851,599	45,148,016
Group company loans	**10,442,369**	**10,848,143**	-	-

The carrying amounts of short-term borrowings approximate to their fair value

The carrying amounts of the Company's total borrowings are denominated in the following currencies

	2012 GBP	2011 GBP
Pounds	**28,182,100**	20,332,100
Euros	**46,679,594**	35,207,191
	74,861,694	55,539,291

The maturity of financial liabilities

The maturity profile of the carrying amount of the Company's liabilities, at 31 December was as follows

	2012 Debt GBP	2011 Debt GBP
Carrying amount of the financial liabilities		
Due within		
One year	**20,846,376**	10,687,693
One to two years	-	6,050,000
Two to five years	**54,015,318**	38,801,598
	74,861,694	55,539,291

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Called up share capital

	2012 GBP	2011 GBP
Authorised		
7,000,000 (2011 7,000,000) ordinary shares of £1 each	**7,000,000**	7,000,000
Allotted, called up and fully paid		
7,000,000 (2011 7,000,000) ordinary shares of £1 each	**7,000,000**	7,000,000

13 Reconciliation of shareholders' funds and movements on reserves

	Share capital GBP	**Other reserves** GBP	**Profit and loss reserve** GBP	**Total** GBP
At 1 January 2011	7,000,000	(42,964)	1,497,232	8,454,268
Loss for 2011	-	-	(326,609)	(326,609)
Movement on hedging reserve	-	(1,793,933)	-	(1,793,933)
At 1 January 2012	7,000,000	(1,836,897)	1,170,623	6,333,726
Profit for 2012	-	-	225,109	225,109
Movement on hedging reserve	-	(626,822)	-	(626,822)
At 31 December 2012	**7,000,000**	**(2,463,719)**	**1,395,732**	**5,932,103**

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Derivative financial instruments

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
	GBP	GBP	GBP	GBP
At 31 December				
Interest rate swap	-	(320,699)	-	(382,547)
Interest rate swap – cash flow hedge	-	(2,463,719)	-	(1,836,897)
	-	(2,784,418)	-	(2,219,444)

The above derivatives are fair valued based on discounted future cash flows with gains and losses passing through the profit and loss account, except for one described above, as hedge accounting is not available.

Interest rate swap

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2012 was GBP 43,474,068 (2011 GBP 38,566,706)

During the year, the interest rates on payment were between 0 92% and 3 16% (2011 2 62% and 3 16%) and interest rates on receipt were between 0 30% and 1 64% (2011 1 03% and 1 71%)

15 Ultimate parent company

The immediate parent company is Suntory Holdings Limited, which is incorporated in Japan The company's ultimate holding company is Kotobuki Fudosan (Kabushiki Kaisha) Ltd, which is incorporated in Japan

The largest group in which the results of the Company are consolidated is Suntory Holdings Limited, and can be obtained from General Affairs Department, 2-1-40 Dojimahama Kita-ku, Osaka Japan Suntory Holdings Limited is also the smallest group of which the Company is a member, and which has included the Company in its group financial statements

16 Related parties

The voting rights of the Company are entirely controlled by the parent undertaking As a result, the Company has taken advantage of the exemptions available in FRS 8 "Related Party Disclosures" and has not disclosed transactions with entities which are part of the group in these financial statements