

Registered number: SC300161

S&NF LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**



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S&NF LIMITED

COMPANY INFORMATION

Directors	G A Colquhoun D M Forde R Sikorsky K Taylor-Welsh
Registered number	SC300161
Registered office	3-4 Broadway Park South Gyle Broadway Edinburgh EH12 9JZ
Independent auditor	Deloitte LLP Statutory Auditor 20 Castle Terrace Edinburgh United Kingdom EH1 2DB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

S&NF Limited ("The Company") is a wholly owned subsidiary of Heineken UK Limited and the Ultimate Parent Company at the year-end was Heineken N.V. Heineken N.V. ("The Group") heads up the largest and smallest Company into which the results of the Company are consolidated.

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2016.

BUSINESS REVIEW

The profit after tax for the year was £10,265,000 (2015: £10,021,000). The main asset of the company is brand rights. The company is in a net asset position.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the company's financial assets and liabilities are set out in the Directors' Report on page 3.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the simple nature of the business, no KPIs are used in the management of the company other than the figures in the Statement of Comprehensive Income itself.

This report was approved by the board on 22 September 2017 and signed on its behalf by:



K Taylor-Welsh
Director

**DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company is to derive royalty income from brand rights across Europe.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £10,265,000 (2015: £10,021,000).

No dividends were paid during the year (2015: £nil).

The business review is included on page 2 within the Strategic Report.

DIRECTORS

The directors who served during the year were:

G A Colquhoun

M Dunn (resigned 6 July 2017)

D M Forde

R Sikorsky (appointed 1 September 2016)

K Taylor-Welsh

J P A van der Burg (resigned 1 September 2016)

FUTURE DEVELOPMENTS

The company expects to continue to derive royalty income from brand rights across Europe.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The financial position of the Company is set out in the Statement of Financial Position on page 9 of the financial statements. The company has net current assets of £153,171,000 at 31 December 2016 (2015: £136,771,000).

FINANCIAL RISK MANAGEMENT POLICY

The main risks associated with the Company's financial assets and liabilities are set out below:

Interest rate risk

The Company benefits from the management of interest rate risk being undertaken at group level and therefore interest rate risk is viewed at a group level.

Liquidity risk

The Company benefits from the management of liquidity risk being undertaken at a group Company level. It therefore primarily obtains any required funding from other group companies.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITOR

A resolution to reappoint Deloitte LLP has been proposed and approved at the Annual General Meeting.

This report was approved by the board on 22 September 2017 and signed on its behalf by:



K Taylor-Welsh
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors are responsible for preparing the Annual 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), including FRS 101 'Reduced Disclosure Framework'. 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 judgments 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 AUDITOR'S REPORT TO THE MEMBERS OF S&NF LIMITED

We have audited the financial statements of S&NF Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S&NF LIMITED

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.



David Crawford, CA (Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

27 September 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

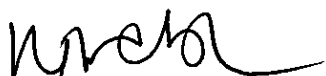
	Note	2016 £000	2015 £000
Revenue	4	13,155	13,156
Gross profit		13,155	13,156
Administrative expenses		(5,140)	(5,140)
Operating profit		8,015	8,016
Investment income	7	4,210	3,862
Finance costs	8	-	(2)
Profit before tax		12,225	11,876
Taxation	9	(1,960)	(1,855)
Profit and total comprehensive income for the financial year		10,265	10,021

The notes on pages 11 to 20 form an integral part of these financial statements.

S&NF LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 31 DECEMBER 2016**

		2016	2015
	Note	£000	£000
Fixed assets			
Intangible assets	10	212,453	217,593
Current assets			
Debtors	11	157,093	142,660
Cash at bank and in hand	12	1,929	1,366
		159,022	144,026
Creditors: amounts falling due within one year	13	(5,851)	(7,255)
Net current assets		153,171	136,771
Total assets less current liabilities		365,624	354,364
Provisions for liabilities			
Deferred taxation	14	(5,730)	(4,735)
Net assets		359,894	349,629
Capital and reserves			
Called up share capital	15	306,102	306,102
Profit and loss account	16	53,792	43,527
Shareholders' funds		359,894	349,629

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2017 by:



K Taylor-Welsh
Director

The notes on pages 11 to 20 form part of these financial statements.

S&NF LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Profit and loss account £000	Shareholders funds £000
At 1 January 2016	306,102	43,527	349,629
Profit for the financial year and total comprehensive income	-	10,265	10,265
At 31 December 2016	<u>306,102</u>	<u>53,792</u>	<u>359,894</u>

FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £000	Profit and loss account £000	Shareholders funds £000
At 1 January 2015	306,102	33,506	339,608
Profit for the financial year and total comprehensive income	-	10,021	10,021
At 31 December 2015	<u>306,102</u>	<u>43,527</u>	<u>349,629</u>

The notes on pages 11 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. GENERAL INFORMATION

S&NF Limited (the "company") is engaged to derive royalty income from brand rights across Europe. The company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of its registered office is 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

Adoption of new and revised standards

Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year

In the current year, the company has applied the amendments to IAS 1 *Disclosure Initiative* issued by the International Accounting Standards Board (IASB) that is mandatorily effective for an accounting period that begins on or after 1 January 2016. The adoption has not had any material impact on the financial performance or financial position of the company, or the disclosures in these financial statements. Other amendments effective for the current period are not applicable to these financial statements.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of financial statements

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on a going concern basis, under the historical cost convention. Historical cost is generally based on fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.1. Basis of preparation of financial statements (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below:

2.2. Going concern

The financial statements are prepared on a going concern basis. The financial position of the Company is set out in the Statement of Financial Position on page 9 of the financial statements. The Company has net current assets of £153,171,000 at 31 December 2016 (2015: £136,771,000).

2.3. Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

2.4. Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Brands are considered to have a finite life and are amortised over 50 years from the date of acquisition.

2.5. Impairment of intangible assets

At each balance sheet date intangible assets are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.5. Impairment of intangible assets (continued)

An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

2.6. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7. Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8. Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Other financial liabilities

The company classifies all of its other financial liabilities as liabilities at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.8. Financial instruments (continued)

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2.9. Creditors

Creditors represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10. Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.11. Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.12. Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Current and deferred taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Sources of estimation uncertainty

The preparation of the financial statements requires the company to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period.

Estimates and judgments are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The directors believe the following to be the key area of estimation and judgment:

- Useful economic life and impairment of brand licences. During the year, management considered the recoverability of its intangible assets which were included in its balance sheet at £212,453,000. The intangible assets continue to generate revenue in a satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the intangible assets. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

4. ANALYSIS OF REVENUE

The whole of the revenue is attributable to the principal activity of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. AUDITOR'S REMUNERATION

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the company:

	2016	2015
	£000	£000
Fees for the audit of the company	<u>2</u>	<u>2</u>

Fees in respect of services provided by the auditor for the statutory audit of the company and other services were paid on behalf of the company by Heineken UK Limited, its fellow group company.

6. EMPLOYEES

The company has no employees. Directors' remuneration is borne by other group companies in both the current and prior years as they are employed by other group companies.

7. INVESTMENT INCOME

	2016	2015
	£000	£000
Interest receivable from group companies	3,952	3,904
Other income	<u>258</u>	<u>(42)</u>
	<u>4,210</u>	<u>3,862</u>

8. FINANCE COSTS

	2016	2015
	£000	£000
Interest payable to group companies	<u>-</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. TAXATION

	2016	2015
	£000	£000
Corporation tax		
Current tax on profit for the year	965	906
Adjustments in respect of previous years	-	(6)
Foreign tax relief/other relief	-	(2)
Foreign tax suffered	-	2
Total current tax	965	900
DEFERRED TAX		
Current year	1,480	1,499
Changes to tax rates	(485)	(544)
TOTAL DEFERRED TAX	995	955
TAX ON PROFIT ON ORDINARY ACTIVITIES	1,960	1,855

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	£000	£000
Profit before tax	12,224	11,876
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	2,445	2,404
EFFECTS OF:		
Adjustments in respect of prior years	-	(5)
Changes in tax rates	(485)	(544)
TOTAL TAX CHARGE FOR THE YEAR	1,960	1,855

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. TAX ON PROFIT (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance (No 2) Act 2015 enacted reductions in the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. The Finance Act 2016 enacted a further 1% reduction in the main rate of corporation tax to 17% from 1 April 2020. Consequently, the Company's deferred tax balances, which were previously provided at 18%, were re-measured at the rate at which the Company believe the timing differences will reverse.

10. INTANGIBLE ASSETS

	Brands £000
Cost	
At 1 January 2016	<u>313,547</u>
At 31 December 2016	<u>313,547</u>
AMORTISATION	
At 1 January 2016	<u>95,954</u>
Charge for the year	<u>5,140</u>
At 31 December 2016	<u>101,094</u>
Net book value	
At 31 December 2016	<u>212,453</u>
At 31 December 2015	<u>217,593</u>

11. DEBTORS

	2016 £000	2015 £000
Amounts owed by group undertakings	<u>157,093</u>	<u>142,660</u>

All amounts owed by group undertakings are unsecured and accrue interest at 1.8% plus LIBOR per annum. All amounts are repayable on demand.

12. CASH AT BANK AND IN HAND

	2016 £000	2015 £000
Cash at bank and in hand	<u>1,929</u>	<u>1,366</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. CREDITORS: Amounts falling due within one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	-	2,370
Group relief creditor	5,851	4,885
	<u>5,851</u>	<u>7,255</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. DEFERRED TAXATION

	Deferred tax
	£000
At 1 January 2016	(4,735)
Charged to the Statement of Comprehensive Income	(995)
At 31 December 2016	<u>(5,730)</u>

In respect of prior year:

	Deferred tax
	£000
At 1 January 2015	(3,780)
Charged to the Statement of Comprehensive Income	(955)
At 31 December 2015	<u>(4,735)</u>

The provision for deferred taxation is made up as follows:

	2016	2015
	£000	£000
Temporary differences on intangible asset amortisation	<u>(5,730)</u>	<u>(4,735)</u>

15. CALLED UP SHARE CAPITAL

	2016	2015
	£000	£000
Allotted, called up and fully paid		
306,101,626 (2015: 306,101,626) Ordinary shares of £1		
(2015: £1) each	<u>306,102</u>	<u>306,102</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. RESERVES

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

17. ULTIMATE PARENT COMPANY

The immediate parent undertaking at the Statement of Financial Position date is Heineken UK Limited. The ultimate parent undertaking at the Statement of Financial Position date, which was also the parent for the smallest and largest group of undertakings for which group financial statements were drawn up and of which the company was a member, was Heineken N.V., a company registered in The Netherlands. Group financial statements for this company may be obtained from the Company Secretary, Heineken N.V., Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, the Netherlands, which is also the registered office.