

Registered number: SC300161

S&NF LIMITED

**UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



S&NF LIMITED

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S&NF LIMITED

COMPANY INFORMATION

Directors	L J Nicoll R Sikorsky K Taylor-Welsh
Registered number	SC300161
Registered office	3-4 Broadway Park South Gyle Broadway Edinburgh EH12 9JZ

S&NF LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the Strategic Report of S&NF Limited (the "company") for the year ended 31 December 2019. The company is a wholly owned subsidiary of Heineken UK Limited, which heads up the smallest group into which the results of the company are consolidated. The ultimate parent company at the year end was Heineken Holding N.V. and the ultimate controlling party is Mrs Carvalho-Heineken. Heineken N.V. and subsidiary undertakings form "the group", with Heineken N.V. heading up the largest group into which the results of the company are consolidated.

BUSINESS REVIEW

The company has acted as a brand holding company in the current and prior year. The profit after tax for the year was £3,808,000 (2018: £4,148,000) due principally to brand royalty income and net interest earned on intercompany balances. The decrease is primarily attributable to a fall in interest rates on intercompany balances in the year.

The company is in a net assets position of £371,943,000, primarily consisting of intangible assets for the brand held and intercompany loans.

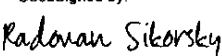
PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the company's financial assets and liabilities are set out in the Directors' Report on page 4.

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 24 September 2020 and signed on its behalf by:

DocuSigned by:

9FD47822234E44B

R Sikorsky
Director

S&NF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the financial statements of the company for the year ended 31 December 2019.

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 £3,808,000 (2018: £4,148,000).

During the year, no dividends were paid or proposed (2018: £nil).

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

DIRECTORS

The directors who served during the year were:

D M Forde (resigned on 31 July 2020)
L J Nicoll
R Sikorsky
K Taylor-Welsh

FUTURE DEVELOPMENTS

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

UK WITHDRAWAL FROM THE EU

The UK electorate voted to leave the European Union ("EU") on 23 June 2016. The UK invoked Article 50 of the Lisbon Treaty on 29 March 2017, which triggered a two-year period, subject to extension, during which the UK government negotiated a withdrawal agreement with the EU.

At the start of 2018 the UK Management Team established a Brexit Risk Cabinet which includes functional experts from across the business. Throughout 2019 UK operations were actively stress tested and contingency plans were put in place to mitigate any impact of a No Deal Brexit.

The UK formally exited the EU on 31 January 2020 and entered a transition period until 31 December 2020. During this transition period, the UK's trading relationship will be used to negotiate the future trading relationship between the UK and the EU.

The vast majority of brand volumes are sold in the UK with robust UK production capabilities. We have taken steps to map our supply chain and are working with our suppliers to ensure adequate stocks of key raw and packaging materials are available in advance of Brexit. Strong contingency plans are in place for finished goods for the UK market. The impact of Brexit on this entity is therefore considered limited.

S&NF LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

POST BALANCE SHEET EVENTS: COVID-19

The COVID-19 pandemic and its impact on British society and the UK economy has been unprecedented. It has required the company to demonstrate resilience and adaptability in the face of considerable challenge and uncertainty. The closure of pubs, restaurants and bars on 23 March has significantly impacted the operating performance of the UK Group and company in 2020.

The UK Group and company has focused its response in three areas – the health, safety and wellbeing of stakeholders; the continuity of business operations; and finally, the mitigation of financial impact. All considerations have been addressed in the consolidated financial statements of Heineken UK Limited. The Heineken UK Group management team convened on a bi-weekly basis to manage business operations and interests guided by these principles and regularly communicated its decisions and actions to employees.

Clearly, an event as unprecedented as the COVID-19 pandemic will have consequences over the short and medium term, however significant learnings have been made and practices adopted that will support greater productivity, lower costs, improve agility and create a flexible working environment for all.

GOING CONCERN

The financial position of the company is set out in the Statement of Financial Position on page 8 of the financial statements. The company has net current assets of £184,408,000 at 31 December 2019 (2018: £174,206,000). The company made a profit for the financial year of £3,808,000 (2018: £4,148,000) as set out in the Statement of Comprehensive Income on page 7.

We entered the COVID-19 crisis with a strong market position. We have managed the situation as it has developed taking a number of mitigating actions across the business to allow the UK Group to face this unprecedented crisis in the best possible way, and to protect the long-term potential of our business. Any further developments will be managed carefully as we have already demonstrated, taking mitigating actions where required.

Having reviewed the UK operating company's forecasts, projections and other relevant evidence including external industry judgement, the directors have a reasonable expectation that the UK Group, and therefore the company, will continue in operational existence for the foreseeable future.

As disclosed in the consolidated financial statements of Heineken UK Limited, the outstanding liabilities at 31 December 2019 of the company has been guaranteed by Heineken UK Limited.

Additionally, Heineken International B.V., an intermediary parent company, has confirmed that they do not intend to request a repayment of borrowings granted to Heineken UK Limited and the company under existing agreements for at least 12 months from the date of this report.

Accordingly, the financial statements of the company have been prepared on a going concern basis and we note that there are no material uncertainties in arriving at this conclusion.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk associated with this entity is that the carrying value of the brands held is not supportable. The directors do not believe this to be a significant risk due to their understanding of the underlying performance of the brands. The directors' view on the unprecedented uncertainties surrounding COVID-19 to be short term thus has no impact on the carrying value of the brands. An impairment review is completed on an annual basis and there are no indicators of impairment.

S&NF LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL RISK MANAGEMENT POLICY

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

Interest rate risk

Interest rate risk refers to the risk that changes in market rates will impact on the performance of the company. The company benefits from the management of interest rate risk being undertaken at group level and therefore interest rate risk is monitored at a group level.

Liquidity risk

Liquidity risk refers to the risk that the company will not be able to meet its liabilities as they fall due. The company benefits from the management of liquidity risk being undertaken at a global level. With the spread of the COVID-19 crisis to all geographies, the Heineken group has entered the crisis with a strong balance sheet as well as undrawn committed credit facilities and has successfully secured additional financing on the debt capital market. The management of liquidity risk continues to be managed globally, and the company benefits from the support by other UK group companies under common control. Liquidity risk is therefore deemed limited.

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will impact on the performance of the company. The company benefits from the management of foreign currency risk being undertaken at group level.


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.

EXEMPTION FROM AUDIT

For the year ended 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of accounts.

This report was approved by the board on 24 September 2020 and signed on its behalf by:

DocuSigned by:

9FD47822234E44B

R Sikorsky
Director

S&NF LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 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.

S&NF LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	4	<u>6,753</u>	<u>6,827</u>
Gross profit		6,753	6,827
Administrative expenses		<u>(5,140)</u>	<u>(5,140)</u>
Operating profit		1,613	1,687
Interest receivable and similar income	7	<u>2,915</u>	<u>3,257</u>
Interest payable and similar expenses	8	<u>(12)</u>	<u>(3)</u>
Profit before tax		4,516	4,941
Taxation	9	<u>(708)</u>	<u>(793)</u>
Profit for the financial year		<u>3,808</u>	<u>4,148</u>

The notes on pages 10 to 20 form an integral part of these financial statements.

Profits are derived from continuing operations.

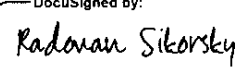
S&NF LIMITED
REGISTERED NUMBER: SC300161

STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	10	197,033	202,173
Current assets			
Debtors	11	188,002	178,598
Cash and bank		750	500
		<u>188,752</u>	<u>179,098</u>
Creditors: amounts falling due within one year	12	<u>(4,344)</u>	<u>(4,892)</u>
Net current assets		<u>184,408</u>	<u>174,206</u>
Total assets less current liabilities		<u>381,441</u>	<u>376,379</u>
Provisions for liabilities			
Deferred taxation	13	<u>(9,498)</u>	<u>(8,244)</u>
Net assets		<u>371,943</u>	<u>368,135</u>
Capital and reserves			
Called up share capital	14	306,102	306,102
Profit and loss account	15	<u>65,841</u>	<u>62,033</u>
Total equity		<u>371,943</u>	<u>368,135</u>

For the year ended 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of accounts.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2020 by:

DocuSigned by:

 9FD47822234E44B
R Sikorsky
 Director

The notes on pages 10 to 20 form part of these financial statements.

S&NF LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Profit and loss account £000	Shareholders' funds £000
At 1 January 2019	306,102	62,033	368,135
Profit for the financial year and total comprehensive income	-	3,808	3,808
At 31 December 2019	306,102	65,841	371,943

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Profit and loss account £000	Shareholders' funds £000
At 1 January 2018	306,102	57,885	363,987
Profit for the financial year and total comprehensive income	-	4,148	4,148
At 31 December 2018	306,102	62,033	368,135

The notes on pages 10 to 20 form part of these financial statements.

S&NF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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, which is the company's functional and presentational currency.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Heineken UK. The group accounts of Heineken UK are available to the public and can be obtained as set out in note 16.

Adoption of new and revised standards

New and amended IFRS standards that are mandatorily effective for the current year.

The company has adopted the following new International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), interpretations and amendments to existing standards, which are effective by EU endorsement for annual periods beginning on or after 1 January 2019.

IFRS 16 Leases

The new accounting standard, IFRS 16, introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

As the company has no leases, the directors have concluded that the new standard has had no impact.

In the current year, the company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The company has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The company applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the company does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

S&NF LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****1. GENERAL INFORMATION (CONTINUED)****Adoption of new and revised standards (continued)*****New and amended IFRS standards that are mandatorily effective for the current year (continued).*****Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs**

The company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes

The amendments clarify that the company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the company obtains control of a business that is a joint operation, the company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the company does not remeasure its PHI in the joint operation.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The company has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The company will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

S&NF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION (CONTINUED)

Adoption of new and revised standards (continued)

New and amended IFRS standards that are mandatorily effective for the current year (continued).

IFRIC 23 Uncertainty over Income Tax Treatments

The company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the company to:

- determine whether uncertain tax positions are assessed separately or as a company; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

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, fair value measurement, capital management, presentation of a cash flow statement, comparative reconciliations for fixed assets, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on a going concern basis, based on 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 IFRS 16 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.

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.

S&NF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies adopted are set out below:

2.2. Going concern

The financial position of the company is set out in the Statement of Financial Position on page 8 of the financial statements. The company has net current assets of £184,408,000 at 31 December 2019 (2018: £174,206,000). The company made a profit for the financial year of £3,808,000 (2018: £4,148,000) as set out in the Statement of Comprehensive Income on page 7.

The directors continue to adopt the going concern basis in preparing the annual report and financial statements, as confirmed in the Directors' Report on the pages 3 - 4.

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 Statement of Financial Position 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. 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. Cash and cash equivalents

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.

S&NF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.7. 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.

Financial liabilities 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.

2.8. 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.

2.9. Interest income

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

S&NF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.10. 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 Statement of Financial Position 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.

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 Statement of Financial Position 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.

S&NF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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, judgements 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 judgements 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. The directors believe there are no key sources of estimation uncertainty in preparing these financial statements.

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 judgements 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 judgement:

- Useful economic life and impairment of brand licences.

During the year, management considered the recoverability of its intangible assets which were included in its Statement of Financial Position at £197,033,000. 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. TURNOVER

Revenue is wholly attributable to the receipt of royalties. The principal activity of the company is a brand holding company in which royalties are generated.

5. AUDITOR'S REMUNERATION

The company was entitled to exemption from audit under section 479A of the Companies Act 2006 and therefore incurred no audit fees in 2019 (2018: £nil). No non-audit services were provided to the company in the current and previous year.

6. EMPLOYEES

The company has no employees (2018: none). Directors' remuneration is borne by other group companies in both the current and prior years as they are employed by other group companies.

S&NF LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019	2018
	£000	£000
Interest receivable from group companies	2,912	3,223
Other interest receivable	3	2
Other income	-	32
	2,915	3,257

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£000	£000
Interest payable to group companies	2	3
Other expense	10	-
	12	3

9. TAXATION

	2019	2018
	£000	£000
Corporation tax		
Current tax on profit for the year	(546)	(466)
Adjustments in respect of previous years	-	3
Foreign tax relief	(3)	(2)
Foreign tax suffered	3	2
Total current tax	(546)	(463)
DEFERRED TAX		
Current year	1,256	1,406
Adjustment in respect of previous periods	(2)	(2)
Changes to tax rates	-	(148)
TOTAL DEFERRED TAX	1,254	1,256
TAX ON PROFIT ON ORDINARY ACTIVITIES	708	793

S&NF LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****9. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year the lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit before tax	4,516	4,941
Profit multiplied by standard rate of corporation tax in the UK of 19 % (2018: 19%)	858	939
EFFECTS OF:		
Foreign withholding tax	-	2
Changes in tax rates	(148)	(148)
Adjustments in respect of prior years	(2)	-
TOTAL TAX CHARGE FOR THE YEAR	708	793

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance (No. 2) Act 2015 and The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the Statement of Financial Position date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax liability would have been £1,117,000 higher.

10. INTANGIBLE ASSETS

	Brands
	£000
Cost	
At 1 January 2019	313,547
At 31 December 2019	313,547
Amortisation	
At 1 January 2019	111,374
Charge for the year	5,140
At 31 December 2019	116,514
Net book value	
At 31 December 2019	197,033
At 31 December 2018	202,173

S&NF LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****11. DEBTORS**

	2019	2018
	£000	£000
Amounts owed by group undertakings	188,002	178,598

All amounts owed by group undertakings are unsecured and accrue interest at 0.65% (2018: 0.75 %) plus LIBOR per annum, decrease in the line with rates charged across the group on similar loans. All amounts are repayable on demand. All loans with group companies are recorded at their fair value for both the current and previous year.

12. CREDITORS: Amounts falling due within one year

	2019	2018
	£000	£000
Group relief creditor	4,344	4,892

13. DEFERRED TAXATION

	Deferred tax £000
At 1 January 2019	8,244
Adjustment in respect of prior years	(2)
Charged to the Statement of Comprehensive Income	1,256
At 31 December 2019	9,498

In respect of prior year:

	Deferred tax £000
At 1 January 2018	6,988
Adjustment in respect of prior years	(2)
Charged to the Statement of Comprehensive Income	1,258
At 31 December 2018	8,244

The provision for deferred taxation is made up as follows:

	2019	2018
	£000	£000
Losses	6	2
Temporary differences on intangible asset amortisation	(9,504)	(8,246)
	(9,498)	(8,244)

S&NF LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****14. CALLED UP SHARE CAPITAL**

	2019	2018
	£000	£000
Allotted, called up and fully paid		
306,101,626 (2018: 306,101,626) Ordinary shares of £1		
(2018: £1) each (400,000,000 authorised shares)	306,102	306,102

15. RESERVES**Profit and loss account**

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

16. SUBSEQUENT EVENTS

As noted in the Directors' Report on page 4, the circumstances resulting from COVID-19 created an unprecedented level of uncertainty. Our Directors' Report details the additional work we have undertaken and factors considered as a result of COVID-19 and confirms our ability to continue on a going concern basis.

17. ULTIMATE PARENT COMPANY

The immediate parent undertaking at the Statement of Financial Position date, which was also the smallest group of undertakings for which financial statements were drawn up and of which the company was a member, was Heineken UK Ltd, a company registered in Scotland. Group financial statements for this company may be obtained from the Company Secretary, 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, which is also its registered office.

The ultimate parent undertaking at the Statement of Financial Position date is Heineken Holding N.V. and the ultimate controlling party is Mrs C.L de Carvalho-Heineken. Heineken N.V., a company registered in The Netherlands is the parent for the largest group of undertakings for which group financial statements were drawn up and of which the company was a member. 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.