

Registered number: 03512363

PUNCH PARTNERSHIPS (PTL) LIMITED

**UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

**COMPANIES HOUSE
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PUNCH PARTNERSHIPS (PTL) LIMITED

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PUNCH PARTNERSHIPS (PTL) LIMITED

COMPANY INFORMATION

Directors	D M Forde C J Moore L J W Mountstevens S M Paterson
Registered number	3512363
Registered office	Elsley Court 20-22 Great Titchfield Street London W1W 8BE England

PUNCH PARTNERSHIPS (PTL) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report and the financial statements of Punch Partnerships (PTL) Limited ("the company") for the year ended 31 December 2018. The company is a wholly owned subsidiary of Punch Taverns Holdings Limited and the ultimate parent company at the year end was Heineken N.V., which heads up the largest company into which the results of the company are consolidated ("The Group")

BUSINESS REVIEW

The company is reporting a profit for the year of £49,921,000 (19 week period ended 31 December 2017: loss of £81,531,000), the increase is primarily due to a change of the reporting period from 19 weeks to 52 weeks. Last year the accounting date has been changed to 31 December to align to the Heineken Group year. The main assets of the company are the properties, fixtures and fittings related to the company's principal activity of the management of public houses and the supply of beer products to the public house estate. The directors do not recommend the payment of a dividend.

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 pages 3 - 4.

Effective management of risk forms an integral part of how the company operates as a business and is embedded in day-to-day operations. Responsibility for identifying potential strategic, operational, reporting and compliance risks, and for implementing fit-for-purpose responses, lies primarily with line management.

Groupwide risk management priorities are defined by regional and functional management and endorsed by the Executive Board, who bears ultimate responsibility for managing the main risks faced by the company and for reviewing the adequacy of their internal control system.

An increasingly negative perception in society towards alcohol could prompt legislators to implement further restrictive measures such as limitations on availability, advertising, sponsorships, distribution and points of sale and increased tax. This may cause changes in consumption trends, which could lead to a decrease in the company's sales.

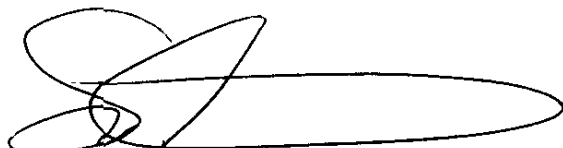
Consumer preferences and behaviours are evolving, shaping an increasingly complex and fragmented beer category. This requires the UK Heineken business to constantly adapt its' product offering, innovate and invest to maintain the relevance and strength of its' brands.

FINANCIAL KEY PERFORMANCE INDICATORS

The company key measurements of effectiveness of its operations is revenue, gross profit and operating profit.

The company achieved revenue and gross profit of £203,997,000 and £137,263,000 respectively (19 week period ended 31 December 2017: revenue £90,098,000, gross profit £51,771,000). The company achieved operating profit of £82,291,000 in 2018 (19 week period ended 31 December 2017: £26,968,000). The Statement of Comprehensive Income for the year and period is set out on page 6 of the financial statements.

This report was approved by the board on 18 September 2019 and signed on its behalf by;



S M Paterson
Director

PUNCH PARTNERSHIPS (PTL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report together with the financial statements for the year ended 31 December 2018. The company is a wholly owned subsidiary of Punch Taverns Holdings Limited and the ultimate parent company at the year end was Heineken N.V. which heads up the largest company into which the results of the company are consolidated ("The Group").

PRINCIPAL ACTIVITY

The principal activity of the company is the rental and management of public houses which are utilised in the supply of goods by fellow group undertakings.

DIRECTORS

The directors who served during the year and up to the date of approval of the report were:

D M Forde
C J Moore
L J W Mountstevens
S M Paterson (appointed on 24 April 2019)
D J Tannahill (resigned on 24 April 2019)

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £49,921,000 (19 week period ended 31 December 2017: loss of £81,531,000).

The directors do not recommend the payment of a dividend (2017: £nil).

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 a group level and therefore interest rate risk is viewed at 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 group level and therefore primarily obtains funding from other group companies.

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.

The UK and other EU member states agreed to an extension of the two-year period on 22 March 2019, to 22 May 2019, (if the UK Parliament approved the withdrawal agreement by 29 March 2019) or 12 April 2019 (if it did not). On 11 April 2019, the UK and the other EU member states agreed to a further extension to 31 October 2019 (or if the withdrawal agreement is ratified by both parties before this date, until the first day of the following month). The terms of the UK's withdrawal from the EU remain uncertain.

FUTURE DEVELOPMENTS

The company expects to continue its principal activity of the rental and management of public houses which are utilised in the supply of goods by fellow group undertakings.

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.

PUNCH PARTNERSHIPS (PTL) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

GOING CONCERN

The financial position of the company is set out in the Statement of Financial Position on pages 7-8 of the financial statements. The company has net current liabilities of £541,479,000 at 31 December 2018 (2017: £600,484,000).

A fellow Group undertaking, Heineken International B.V., has confirmed to the directors its intention to provide sufficient financial assistance to enable the company to continue operations and fulfil its financial obligations for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements of the company. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements

POST BALANCE SHEET EVENTS

In June 2019, the company have identified and marketed 123 pubs as part of a wider group packaged sale and have classified these pubs as assets held for sale subsequent to the Statement of Financial Position date. This is a non-adjusting event, indicative of conditions that arose after the reporting period. Contracts were exchanged on 24th September 2019 and the deal will complete in October 2019. The price and associated financial impact is not disclosed given this is commercially sensitive.

EXEMPTION FROM AUDIT

For the year ended 31 December 2018 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 30 September 2019 and signed on its behalf by:



S M Paterson
Director

PUNCH PARTNERSHIPS (PTL) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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.

PUNCH PARTNERSHIPS (PTL) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

		Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
	Notes		
Turnover	4	203,997	90,098
Cost of sales		(66,734)	(38,327)
GROSS PROFIT		137,263	51,771
Administrative expenses		(54,972)	(24,803)
OPERATING PROFIT	5	82,291	26,968
Interest receivable and similar income	8	132	65
Interest payable and similar expense	9	(16,857)	(123,170)
PROFIT / (LOSS) BEFORE TAXATION		65,566	(96,137)
Tax on (loss) / profit	10	(15,645)	14,606
PROFIT/(LOSS) FOR THE FINANCIAL YEAR/(PERIOD) ATTRIBUTABLE TO OWNERS OF THE COMPANY		49,921	(81,531)

There have been no recognised gains and losses other than the profit for the current and prior year.

All amounts relate to continued operations.

The notes on pages 10 to 22 form part of these financial statements.

PUNCH PARTNERSHIPS (PTL) LIMITED**REGISTERED NUMBER: 003512363****STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

		2018	2017
	Note	£000	£000
Fixed assets			
Intangible fixed assets	11	24,761	26,782
Tangible fixed assets	12	1,098,291	1,137,039
Investments	13	<u>-</u>	<u>-</u>
		1,123,052	1,163,821
Current assets			
Debtors: amounts falling due within one year	14	465,707	814,723
Debtors: amounts falling due after more than one year	14	3,797	14,577
Cash at bank and in hand	15	<u>1,193</u>	<u>5,960</u>
		470,697	835,260
Total Assets		<u>1,593,749</u>	<u>1,999,081</u>
Current liabilities			
Creditors: amounts falling due within one year	16	<u>(1,012,176)</u>	<u>(1,435,744)</u>
Net current liabilities		<u>(541,479)</u>	<u>(600,484)</u>
Total assets less current liabilities		<u>581,573</u>	<u>563,337</u>
Non – current liabilities			
Creditors: amounts falling due after more than one year	16	-	(34,300)
Provisions for liabilities	18	<u>(2,615)</u>	<u>--</u>
Net assets		<u>578,958</u>	<u>529,037</u>
Capital and reserves			
Called up share capital	19	1,001	1,001
Share premium	20	324,502	324,502
Profit and loss account	20	<u>253,455</u>	<u>203,534</u>
Total equity		<u>578,958</u>	<u>529,037</u>

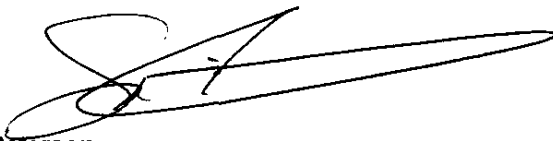
PUNCH PARTNERSHIPS (PTL) LIMITED

REGISTERED NUMBER: 003512363

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018**

For the year ended 31 December 2018 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 20 September 2019 by:



S M Paterson
Director

The notes on pages 10 to 22 form part of these financial statements

PUNCH PARTNERSHIPS (PTL) LIMITED

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

	Called up share capital	Share premium account	Capital Reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	1,001	324,502	-	203,534	529,037
Profit and total comprehensive income for the financial year	-	-	-	49,921	49,921
At 31 December 2018	1,001	324,502	-	253,455	578,958

**STATEMENT OF CHANGES IN EQUITY
FOR THE 19 WEEK PERIOD ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital Reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 20 August 2017	1,001	324,502	23,767	261,298	610,568
Loss for the financial period	-	-	-	(81,531)	(81,531)
Transfer from capital reserve to profit and loss account	-	-	(23,767)	23,767	-
Loss and total comprehensive expense for the financial period	-	-	(23,767)	(57,764)	(81,531)
At 31 December 2017	1,001	324,502	-	203,534	529,037

The notes on pages 10 to 22 form part of these financial statements.

PUNCH PARTNERSHIPS (PTL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Punch Partnerships (PTL) Limited (the "company") is engaged in the rental and management of public houses which are utilised in the supply of goods by fellow group undertakings. The address of its registered office is Elsley Court, 20-22 Great Titchfield Street, London W1W 8BE, England.

These financial statements are presented in pounds.

Adoption of new and revised standards

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 January 2018:

IFRS 9 Financial instruments

IFRS 9 includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. The standard replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The company has implemented IFRS 9 per 1 January 2018 using the modified retrospective approach, meaning that the 2017 comparative financial information is not restated. Any impact of IFRS 9 as of 1 January 2018 is recognised directly in equity.

The company has reviewed and concluded that the new standard has had no impact.

IFRS 15 Revenue from contracts with customers

The company adopted IFRS 15 'Revenue from Contracts with Customers' as per 1 January 2018. For implementation the full retrospective method is applied, meaning that the 2017 comparative financial information has been restated.

The company has reviewed and concluded that the new standard has had no impact.

New standards not yet adopted

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 16 Leases

On 1 January 2019 the company will adopt IFRS 16 "Leases", which endorsed by the EU and is effective for accounting periods beginning on or before 1 January 2019. IFRS 16 is a significant new standard, the impacts of which on the company's financial reporting are currently being assessed.

IFRS 16 "Leases" was issued in January 2016 to replace IAS 17 "Leases". The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the company on 1 January 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the company.

The company is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

- Right - of - use assets will be recorded for assets that are leased by the company, currently no lease assets are included on the company's statement of financial position for operating leases.
- Liabilities will be recorded for future lease payments in the company's consolidated statement of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the company has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments.

PUNCH PARTNERSHIPS (PTL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION (CONTINUED)

New standards not yet adopted (continued)

IFRS 16 Leases (continued)

- The amount of lease liabilities will not equal the lease commitments reported, but may not be dissimilar.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight - line basis over the lease term within operating expenses.

A high volume of transactions will be impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. Therefore, the company is continuing to assess the impact of these and other accounting changes that will arise under IFRS 16 and cannot reasonably estimate the impact on its legal entities; however, the changes highlighted above will have a material impact on the statement of comprehensive income, statement of financial position and statement of cash flows after the Group's adoption on 1 January 2019.

When IFRS is adopted, it will be applied with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of financial statements

The company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2018 the company transitioned from International Financial Reporting Standards (IFRSs) as adopted by the European Union to FRS 101 for all periods presented. There were no material adjustments required on the adoption of FRS 101.

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, 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 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.

PUNCH PARTNERSHIPS (PTL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 position of the company is set out in the Statement of Financial Position on pages 7-8 of the financial statements. The company has net current liabilities of £541,479,000 at 31 December 2018 (2017: £600,484,000).

A fellow Group undertaking, Heineken International B.V., has confirmed to the directors its intention to provide sufficient financial assistance to enable the company to continue operations and fulfil its' financial obligations for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements of the company. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2.3. Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before turnover is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the management of public houses is recognised following the performance of the service.

2.4. Operating leases: Lessor

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals received under operating leases are credited to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.5. Operating leases: Lessee

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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.

PUNCH PARTNERSHIPS (PTL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.7. Cash at bank

Cash is represented by cash 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.

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 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.

PUNCH PARTNERSHIPS (PTL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.11. Interest income

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

2.12. Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.13. 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 balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 do not believe there are any key sources of estimation uncertainty which materially affect the financial statements.

PUNCH PARTNERSHIPS (PTL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS's 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 judgement:

- Critical judgement – Property, plant and equipment

As part of our review of property, plant and equipment, the use of pub assets was considered and it was determined by the company that the property, plant and equipment did not meet the definition of an Investment Property and therefore are treated and discussed as property, plant and equipment in the Financial Statements. The principal reason for holding the property, plant and equipment is to generate Beer and Cider sales and not for long term investment gains.

- Critical estimation - Onerous Lease Provision

As part of our review of property, plant and equipment, the use of pub assets was considered and it was determined by the company that the property, plant and equipment did not meet the definition of an Investment Property and therefore are treated and discussed as property, plant and equipment in the Financial Statements. The principal reason for holding the property, plant and equipment is to generate Beer and Cider sales and not for long term investment gains.

4. ANALYSIS OF TURNOVER

	Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
Sale of goods	136,690	64,561
Rendering of services	63,848	23,569
Other revenue	3,459	1,968
	<u>203,997</u>	<u>90,098</u>

Revenue is attributable to the principal activity of the company.

All revenue arose within the United Kingdom.

PUNCH PARTNERSHIPS (PTL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. OPERATING PROFIT

	Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
The operating loss is stated after charging:		
Distribution costs	11,398	-
Depreciation - Owned fixed assets	11,900	6,851
- Leased fixed assets	-	41
Amortisation - Lease premium	906	89
Operating lease rentals – land and buildings	1,219	449
Gain /loss on disposal of property, plant and equipment	12,363	4,948
Auditors remunerations	-	100
Cost of sale recognised as an expenses	66,734	38,327

6. AUDITOR'S REMUNERATION

No audit fees for 2018 (19 week period ended 31 December 2017: £ 100,000 borne by another group company). No non-audit services were provided to the company in the current year and prior period.

7. EMPLOYEES

The company has no employees (19 week period ended 31 December 2017: none) and in line with directors' remuneration is borne by other group companies in both the current year and prior period as they are employed by other group companies.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
Bank interests (payable)	-	(5)
Other interest receivable	132	70
	132	65

9. INTEREST PAYABLE AND SIMILAR EXPENSE

	Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
Interest payable to group companies	16,837	7,339
Other interest payable	20	85
Amortisation of deferred issue costs	-	7
Subordinated loan interests payable to group undertakings	-	624
Costs of terminating financing arrangements	-	115,115
	16,857	123,170

PUNCH PARTNERSHIPS (PTL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. TAX ON PROFIT /(LOSS)

	Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
Corporation tax		
Current tax on profit/(loss) for the year (period)	4,216	949
Adjustments in respect of prior years	336	-
Total current tax	4,552	949
Deferred tax		
Current year (period)	12,004	(17,654)
Adjustment in respect of prior periods	353	241
Effect of changes in tax rates	(1,264)	1,858
Total deferred tax	11,093	(15,555)
Tax charge / (credit) on profit / (loss) on ordinary activities	15,645	(14,606)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is greater than (19 week period ended 31 December 2017: greater than), the standard rate of corporation tax in the UK of 19% (19 week period ended 31 December 2017: 19%). The differences are explained below:

	Year ended 31 December 2018 £000	19 week period ended 31 December 2017 £000
Profit /(loss) before tax	65,566	(96,137)
Profit / (loss) multiplied by standard rate of corporation tax in the UK of 19% (19 week period ended 31 December 2017: 19%)	12,458	(18,266)
EFFECTS OF:		
Expenses not deductible for tax purpose	3,762	854
Difference on CT and DT rate	-	1,903
Transfer pricing adjustments	-	662
Tax rate changes	(1,263)	-
Adjustments in respect of prior years	688	241
TOTAL TAX CHARGE / (CREDIT) FOR THE YEAR/(PERIOD)	15,645	(14,606)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Finance (No. 2) Act 2015 and Finance Act 2016 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020, respectively.

PUNCH PARTNERSHIPS (PTL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. TAX ON PROFIT/(LOSS) (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES (CONTINUED)

These rate reductions have been reflected in the calculation of corporation tax and deferred tax at the Statement of Financial position date. The Finance Act 2019, which received Royal Assent in February 2019 will have no impact.

11. INTANGIBLE ASSETS

	Lease premium £000
Cost or valuation	
As at 1 January 2018	26,871
Disposals	(1,144)
As at 31 December 2018	25,727
Amortisation	
As at 1 January 2018	89
Charge for the period	906
Disposals	(29)
As at 31 December 2018	966
Net book value	
As at 31 December 2018	24,761
As at 31 December 2017	26,782

12. TANGIBLE ASSETS

	Properties, fixtures and fittings £000
Cost or valuation	
As at 1 January 2018	1,143,590
Additions	18,612
Disposals	(46,762)
As at 31 December 2018	1,115,440
Amortisation	
As at 1 January 2018	6,551
Charge for the period	11,900
Disposals	(1,302)
As at 31 December 2018	17,149
Net book value	
As at 31 December 2018	1,098,291
As at 31 December 2017	1,137,039

PUNCH PARTNERSHIPS (PTL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. INVESTMENTS

	Shares in subsidiary undertakings £000
Cost:	
As at 31 December 2018 and 31 December 2017	84,200
Impairment:	
As at 31 December 2018 and 31 December 2017	84,200
Net book value:	
As at 31 December 2018 and 31 December 2017	-

Details of the wholly owned subsidiary undertakings, in which the shareholdings are in ordinary shares, are as follows:

Subsidiary undertaking	Principal activity
Held directly:	
Punch Taverns (Fradley) Limited	Dormant
Punch Taverns (IB) Limited	Dormant
Held indirectly:	
BK Investments Limited	Dormant
Bunker Beverage Company Limited	Dormant
Hooden Horse Inns Limited	Dormant
Inn Business (Marr) Limited	Dormant
Inn Business (Sycamore) Limited	Dormant
Inn Business Limited	Dormant
Inn Business Property Limited	Dormant
Ivell Inns Limited	Dormant
Ma Pardoe's Steak and Ale Houses Limited	Dormant
Marr Holdings Limited	Dormant
Marr Taverns Limited	Dormant
Marr Trustees Limited	Dormant
Poacher Inns Limited	Dormant
Revival Inns Ltd	Dormant
Scorpio Inns Limited	Dormant
Sycamore Taverns Limited	Dormant
Sycamore Taverns (Management) Limited	Dormant
Sycamore Taverns Trust Company Limited	Dormant
The Pitfield Brewery Company Limited	Dormant
The Wiltshire Brewery Investments Limited	Dormant
The Wiltshire Brewery Property Company Limited	Dormant
Trent Taverns Limited	Dormant
United Breweries Limited	Dormant

The above companies are incorporated in England and Wales.

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018****14. DEBTORS**

	2018	2017
	£000	£000
DUE WITHIN ONE YEAR		
Trade debtors	13,265	12,173
Amounts owed by group undertakings	450,646	775,436
Loans owed by group undertakings	-	13,983
Other debtors	1,335	10,752
Prepayments and accrued income	461	2,379
	465,707	814,723
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	3,797	14,577

Amounts owed by Group undertakings are unsecured and repayable on demand. Balances considered to be of a funding nature accrue interest at 0.75% (2017:0.6%) plus LIBOR per annum. Whereas no interest is charged on balances considered of a trading nature.

15. CASH AND CASH EQUIVALENTS

	2018	2017
	£000	£000
Cash at bank	1,193	5,960
	1,193	5,960

16. CREDITORS

	2018	2017
	£000	£000
DUE WITHIN ONE YEAR		
Loans owed to group undertakings	884,208	1,026,922
Trade creditors	1,345	24,648
Amounts owed to group undertakings	94,828	353,343
Other creditors	12,103	15,890
Accruals and deferred income	4,068	10,518
Social securities and other taxes	15,624	3,474
Provisions	-	949
	1,012,176	1,435,744
DUE AFTER MORE THAN ONE YEAR		
Loans owed to group undertakings	-	34,300
	-	34,300

Amounts owed to Group undertakings are unsecured and repayable on demand. Balances considered to be of a funding nature accrue interest at 0.75% (2017: 0.6%) plus LIBOR per annum. Where as no interest is charged on balances considered of a trading nature.

PUNCH PARTNERSHIPS (PTL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. DEFERRED TAXATION

	Deferred tax £000
At 1 January 2018	14,577
Charged to the profit or loss	(10,740)
Adjustment in respect of prior years	(41)
At 31 December 2018	<u>3,796</u>

In respect of prior year:

	Deferred tax £000
At 20 August 2017	(979)
Credited to the profit or loss	15,556
Adjustment in respect of prior years	-
At 31 December 2017	<u>14,577</u>

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(38,794)	(34,479)
Trading losses	7,097	7,289
Other timing differences	35,493	41,767
	<u>3,796</u>	<u>14,577</u>

18. PROVISIONS FOR LIABILITIES

	Onerous leases £000	Insurance claims £000	Other Provision £000	Total £000
As at 1 January 2018	-	-	-	-
Provision created	4,402	863	2,112	7,377
Provision released	(2,916)	(94)	(1,526)	(4,536)
Provision utilised	-	(226)	-	(226)
At 31 December 2018	<u>1,486</u>	<u>543</u>	<u>586</u>	<u>2,615</u>

PUNCH PARTNERSHIPS (PTL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. CALLED UP SHARE CAPITAL

	2018	2018	2017	2017
	No.	£000	No.	£000
Authorised, allotted, called up and fully paid				
Ordinary shares of £1 (2017: £1) each	<u>1,001,403</u>	<u>1,001</u>	<u>1,001,403</u>	<u>1,001</u>

20. RESERVES

Profit and loss account

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

21. ULTIMATE PARENT COMPANY

The immediate parent undertaking as at the Statement of Financial Position date was Punch Taverns Holdings Limited, a company registered at England and Wales. Copies of its financial statements can be obtained from the Company Secretary, Elsley Court, 20-22 Great Titchfield Street, London, W1W 8BE which is also its registered office.

The ultimate parent undertaking and controlling party, at the Statement of Financial Position date, which was also the parent for the 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 can be obtained from the Company Secretary, Heineken N.V., Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, The Netherlands, which is also its registered office.

The parent undertaking at the Statement of Financial Position date, which was the smallest group of undertakings for which Group financial statements were drawn up and of which the company was a member, was Heineken UK Limited, 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.