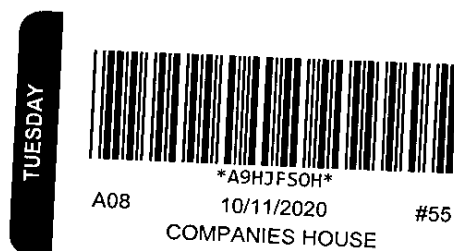


Registered number: 03512363

PUNCH PARTNERSHIPS (PTL) LIMITED

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



PUNCH PARTNERSHIPS (PTL) LIMITED

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PUNCH PARTNERSHIPS (PTL) LIMITED

COMPANY INFORMATION

Directors	C J Moore L J W Mountstevens S M Paterson
Registered number	03512363
Registered office	Elsley Court 20-22 Great Titchfield Street London W1W 8BE United Kingdom

PUNCH PARTNERSHIPS (PTL) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report and the financial statements of Punch Partnerships (PTL) Limited (the "company") for the year ended 31 December 2019. The company is a wholly owned subsidiary of Punch Taverns Holdings Limited. The ultimate parent company at the year end is Heineken Holding N.V. and the ultimate controlling party is Mrs C.L de Carvalho-Heineken. Heineken N.V and subsidiary undertakings form the "group", with Heineken N.V. heading up the largest company into which the results of the company are consolidated.

BUSINESS REVIEW

The company is reporting a profit after taxation for the year of £31,603k (2018: £49,921k), the decrease in profit is primarily attributable to an increase in legal costs and losses incurred on the disposal of property, plant and equipment in the 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 - 5.

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.

Group-wide 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.

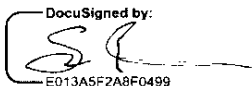
Consumer preferences and behaviours are evolving, shaping an increasingly complex and fragmented beer category. This requires the UK Heineken business to constantly adapt its product offering, innovate and invest to maintain the relevance and strength of its brands.

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 £204,111k and £136,880k respectively (2018: revenue £203,997k, gross profit £137,263k). The company achieved operating profit of £61,008k in 2019 (2018: £82,291k). The Statement of Comprehensive Income for the year and period is set out on page 7 of the financial statements.

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

DocuSigned by:

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S M Paterson
Director

PUNCH PARTNERSHIPS (PTL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the financial statements of Punch Partnerships (PTL) Limited (the "company") for the year ended 31 December 2019. The company is a wholly owned subsidiary of Punch Taverns Holdings Limited. The ultimate parent company at the year end is Heineken Holding N.V. and the ultimate controlling party is Mrs C.L de Carvalho-Heineken. Heineken N.V and subsidiary undertakings form the "group", with Heineken N.V. heading up the largest company into which the results of the company are consolidated.

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 (resigned on 31 July 2020)
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 £31,603k (2018: £49,921k). A review is presented in the Strategic Report on page 2 and form part of this report by way of cross reference.

The directors do not recommend the payment of a dividend (2018: £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 group level and therefore interest rate risk is monitored 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 global level. With 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.

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.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

UK WITHDRAWAL FROM THE EU (CONTINUED)

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.

All of our pubs are UK based. We are less reliant on imports and our direct (or indirect) parent entity has robust UK production capabilities. We have taken steps to map our supply chain and are working with our suppliers to ensure adequate stocks are available in advance of Brexit.

While being carefully monitored, the risk of Brexit is therefore considered limited.

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.

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.

Along with our other pub businesses within the UK Group the company worked with its pub estate to ensure the safe and secure closure of pubs and the management of their businesses through the hibernation period. This included helping licensees access government support, but also providing pubs with cashflow relief through rent concessions and suspensions and practical advice through its bespoke website – the Pub Collective. Rent concessions of £11m were granted by the company with £21m granted in total by the wider Heineken UK Group. As restrictions eased, the Group have aided licensees in the disposal of out-of-date stock, the replenishment of new stock and the implementation of safe working practices as outlined by government. To assist return to trade, under new restrictions, the wider Heineken group developed the 'Swifty' application, which allows for ordering and processing of cashless transactions at a safe distance for tenants, employees and customers.

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.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

GOING CONCERN

The financial position of the company is set out in the Statement of Financial Position on pages 8-9 of the financial statements. The company has net current liabilities of £431,288k at 31 December 2019 (2018: £541,479k).

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.

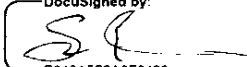
Additionally, Heineken International B.V., an intermediary parent company, has confirmed that they do not intend to request a repayment of borrowings granted to fellow UK group companies under existing agreements for at least 12 months from the date of this report.

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.

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:

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S M Paterson
Director

PUNCH PARTNERSHIPS (PTL) 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.

PUNCH PARTNERSHIPS (PTL) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Note	£000	£000
Turnover	4	204,111	203,997
Cost of sales		(67,231)	(66,734)
GROSS PROFIT		136,880	137,263
Administrative expenses		(75,872)	(54,972)
OPERATING PROFIT	5	61,008	82,291
Interest receivable and similar income	8	375	132
Interest payable and similar expenses	9	(15,927)	(16,857)
PROFIT BEFORE TAX		45,456	65,566
Tax on profit	10	(13,853)	(15,645)
PROFIT FOR THE FINANCIAL YEAR		31,603	49,921

All amounts relate to continued operations.

The notes on pages 11 to 30 form part of these financial statements.

PUNCH PARTNERSHIPS (PTL) LIMITED**REGISTERED NUMBER: 003512363****STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		2019	2018
	Note	£000	£000
Fixed assets			
Intangible fixed assets	11	20,474	24,761
Tangible fixed assets	12	1,038,781	1,098,291
		1,059,255	1,123,052
Current assets			
Assets held for sale	14	6,164	-
Debtors: amounts falling due after more than one year	15	39,312	3,797
Debtors: amounts falling due within one year	15	480,343	465,707
Cash and bank	16	2,394	1,193
		528,213	470,697
Total Assets		1,587,468	1,593,749
Current liabilities			
Creditors: amounts falling due within one year	17	(959,501)	(1,012,176)
Net current liabilities		(431,288)	(541,479)
Total assets less current liabilities		627,967	581,573
Non-current liabilities			
Creditors: amounts falling due after more than one year	17	(14,310)	-
Provisions for liabilities	19	(2,000)	(2,615)
Net assets		611,657	578,958
Capital and reserves			
Called-up share capital	20	1,001	1,001
Share premium	21	324,502	324,502
Profit and loss account	21	286,154	253,455
Total equity		611,657	578,958

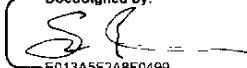
PUNCH PARTNERSHIPS (PTL) LIMITED

REGISTERED NUMBER: 003512363

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019**

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:

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S M Paterson
Director

The notes on pages 11 to 30 form part of these financial statements.

PUNCH PARTNERSHIPS (PTL) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called-up share capital	Share premium account	Capital Reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	1,001	324,502	-	253,455	578,958
Effects due to change in accounting policy IFRS 16	-	-	-	1,096	1,096
Profit for the financial year	-	-	-	31,603	31,603
Total comprehensive income for the financial year	-	-	-	32,699	32,699
At 31 December 2019	1,001	324,502	-	286,154	611,657

**STATEMENT OF CHANGES IN EQUITY
FOR THE 19 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

The notes on pages 11 to 30 form part of these financial statements.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

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 company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is Elsley Court, 20-22 Great Titchfield Street, London W1W 8BE, United Kingdom.

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 under section 400 of the Companies Act 2006, because it is included in the group accounts of Heineken UK Limited. The group accounts of Heineken UK Limited are available to the public and can be obtained as set out in note 23.

Adoption of new and revised standards

New and amended IFRS Standards that are effective for the current

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 company has implemented IFRS 16 with effect from 1 January 2019, replacing existing guidance on leases, including IAS 17. The adoption of IFRS 16 has changed the accounting for leases as under the new standard all operating lease contracts are recognised on the company's Statement of Financial Position by recognising a right of use ("ROU") asset, a lease receivable and lease liability, except for short term and low value leases. Lease expenses previously recorded in the company's Statement of Comprehensive Income are replaced by depreciation and interest income and expenses for all lease contracts in scope of the standard. Refer to note 2.14 for the accounting policy on leases.

The company has implemented IFRS 16 as at 1 January 2019 by applying the modified retrospective method, meaning that the 2018 comparative numbers are not restated. The company has operating leases relating to land and buildings.

The company is operating both as a lessee (referred to as head lease contracts) and a lessor (referred to as sublease contracts) for the land and buildings. The company has analysed the sublease contracts and concluded that under the new standard these contracts are treated as finance lease, where under the previous standard these same leases were treated as an operating lease.

In the transition to IFRS 16, the group applied the following transition expedients:

- Use the option to grandfather the lease classification for existing contracts.
- Use the transition option for leases with a remaining contract period of less than one year, meaning that these leases will not be recorded on balance and the payments will be expensed in the Statement of Comprehensive Income on a straight-line basis.
- Measure the ROU assets based on the lease liability recognised.

As a result of applying IFRS 16, the company recognised £12,467k of ROU asset, £4,286k of lease receivables and £15,333k of lease liabilities as at 1 January 2019 relating to headlease and sublease land and buildings. An amount of £1,299k, net of deferred tax of £203k has been recorded in retained earnings as at January 2019. The lease receivables and liabilities are included within debtors and creditors respectively.

When measuring the lease liability, the company discounted the lease payments using the incremental borrowing rate at 1 January 2019. The weighted average incremental borrowing rate applied is 3.0%.

PUNCH PARTNERSHIPS (PTL) 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 effective for the current year (continued)

IFRS 16 Leases (continued)

During 2019, the company reported £540k depreciation and impairment of ROU assets and £474k of interest costs on lease liabilities and £130k of interest receivable on lease receivables. In 2018, operating lease expenses were reported under administrative expenses.

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).

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to 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 two 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.

PUNCH PARTNERSHIPS (PTL) 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 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 reconciliation 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.

PUNCH PARTNERSHIPS (PTL) 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 pages 8-9 of the financial statements. The company has net current liabilities of £431,288k at 31 December 2019 (2018: £541,479k).

The directors continue to adopt the going concern basis in preparing the annual report and financial statements, as confirmed in the Directors' Report on page 5.

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. Tangible Fixed Assets

Tangible fixed assets are carried at cost, less accumulated depreciation and any provision for impairment.

Cost comprises the initial purchase price and expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset as follows:

- Freehold property is not depreciated
- Buildings are depreciated to their estimated residual values over 40 years*
- Fixtures and fittings are depreciated to their estimated residual values over 5 years*

*Buildings and related assets held on lease are depreciated over the shorter of their useful economic life or the unexpired term of the lease.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Any such impairment is charged to the Statement of Comprehensive Income.

Gains and losses on disposal of fixed assets reflect the difference between net selling price and the carrying amount at the date of disposal and are recognised in the Statement of Comprehensive Income.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.5. Assets held for sale

Tangible fixed assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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

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.

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.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

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. 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.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.14. Leases

Definition of a lease

A contract is or contains a lease if it provides the right to control the use of an identified asset for a period of time in exchange for an amount payable to the lessor. The right to control the use of the identified asset exists when having the right to obtain substantially all of the economic benefits from use of that asset and when having the right to direct the use of that asset.

The company as a lessee

At the start date of the lease, the company (lessee) recognises a right of use (ROU) asset and a lease liability on the Statement of Financial Position. The ROU asset is initially measured at cost and subsequently at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The company applies the following practical expedients for the recognition of leases:

- The short-term lease exemption, meaning that leases with a duration of less than a year are expensed in the income statement on a straight-line basis.
- The low value lease exemption, meaning that leased assets with an individual value of €5k or less if bought new, are expensed in the income statement on a straight-line basis.

The company as a lessor

A lease is classified as a finance lease when it transfers substantially all the risks and rewards relating to ownership of the underlying asset to the lessee. For contracts where the company acts as an intermediate lessor, the subleases are classified with reference to the ROU asset.

2.15. Finance lease receivables

The finance lease receivables are initially measured at fair value and subsequently at amortised cost minus any impairment losses.

2.16. Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be paid during the lease term, discounted using the incremental borrowing rate ('IBR'). Lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payments made. The lease liabilities will be remeasured when there is a change in the amount to be paid (e.g. due to indexation) or when there is a change in the assessment of the lease terms.

The IBR is determined on the term of the lease. The IBR is calculated based on the risk free rate plus a default spread and a credit spread.

The lease term is determined as the non-cancellable period of a lease, together with:

- Periods covered by a unilateral option to extend the lease if the company is reasonably certain to make use of that option.
- Periods covered by an option to terminate the lease if the company is reasonably certain not to make use of that option.

The company applies the following practical expedients for the recognition of leases:

- Apply a single discount rate per country to a portfolio of leases with reasonably similar characteristics.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.17. Operating leases Lessor (applicable for 2018)

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.

2.18. Operating leases Lessee (applicable for 2018)

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

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.

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 judgements and estimates:

- **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.

- **Onerous Lease Provision**

Provisions for onerous contracts are recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected costs of terminating the contract and the expected net costs of fulfilling the contract.

- **Lease term and incremental borrowing rate**

Significant judgement is required to determine the lease term and the incremental borrowing rate. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which as a result could affect the amount of lease liabilities and ROU assets recognised. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognised.

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****4. ANALYSIS OF TURNOVER**

	2019	2018
	£000	£000
Sale of goods	138,176	136,690
Rendering of services	61,302	63,848
Other revenue	4,633	3,459
	<u>204,111</u>	<u>203,997</u>

Revenue is attributable to the principal activity of the company.

All revenue arose within the United Kingdom.

5. OPERATING PROFIT

The operating loss is stated after charging:	2019	2018
	£000	£000
Distribution costs	9,942	11,398
Depreciation of tangible fixed assets	14,241	11,900
Amortisation of intangible fixed assets	586	906
Operating lease rentals – land and buildings	-	1,219
Loss on disposal of property, plant and equipment	<u>24,231</u>	<u>12,363</u>

6. 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 or previous year.

7. EMPLOYEES

The company has no employees (2018: 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

	2019	2018
	£000	£000
Interest receivable from group undertakings	197	-
Interests on lease receivable	130	-
Other interest receivable	<u>48</u>	<u>132</u>
	<u>375</u>	<u>132</u>

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****9. INTEREST PAYABLE AND SIMILAR EXPENSE**

	2019	2018
	£000	£000
Interest payable to group companies	15,285	16,837
Interest on lease liabilities	474	-
Bank interest payable	8	-
Other interest payable	160	20
	15,927	16,857

10. TAX ON PROFIT

	2019	2018
	£000	£000
Corporation tax		
Current tax on profit for the year	3,367	4,216
Adjustments in respect of prior periods	36	336
Total current tax	3,403	4,552
Deferred tax		
Current year	10,221	12,004
Adjustment in respect of prior periods	229	353
Effect of changes in tax rates	-	(1,264)
Total deferred tax	10,450	11,093
Tax charge on profit on ordinary activities	13,853	15,645

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018: higher 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	45,456	65,566
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	8,637	12,458
EFFECTS OF:		
Fixed assets differences	6,195	-
Additional deduction for land remediation expenditure	(42)	-
Expenses not deductible for tax purpose	-	3,762
Difference in corporation tax and deferred tax rate	24	-
Tax rate changes	(1,226)	(1,263)
Adjustments in respect of prior periods	265	688
TOTAL TAX CHARGE FOR THE YEAR	13,853	15,645

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****10. TAX ON PROFIT (CONTINUED)****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 liabilities would have been £807k higher.

11. INTANGIBLE ASSETS

	Lease premium £000
Cost or valuation	
As at 1 January 2019	25,727
Disposals	(1,809)
Transfer to assets held for sale (note 14)	(2,295)
As at 31 December 2019	21,623
Amortisation	
As at 1 January 2019	966
Charge for the period	586
Disposals	(315)
Transfer to assets held for sale (note 14)	(88)
As at 31 December 2019	1,149
Net book value	
As at 31 December 2019	20,474
As at 31 December 2018	24,761

12. TANGIBLE ASSETS

Freehold property, buildings and fixtures and fittings are tangible assets that are owned by the company, while Right of use assets are under a lease agreement. Owned and ROU assets are held for use in the company's operating activities.

	2019 £000	2018 £000
Freehold property, buildings and fixtures and fittings	1,026,745	1,098,291
Right Of Use (ROU) assets	12,036	-
Tangible assets	1,038,781	1,098,291

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****12. TANGIBLE ASSETS (CONTINUED)**

	Freehold property, buildings, fixtures and fittings £000
Cost or valuation	
As at 1 January 2019	1,115,440
Additions	37,745
Disposals	(25,270)
Transfer to assets held for sale (note 14)	(72,775)
Transfer from assets held for sale (note 14)	521
As at 31 December 2019	<u>1,055,661</u>
Depreciation	
As at 1 January 2019	17,149
Charge for the period	13,701
Disposals	(523)
Transfer to assets held for sale (note 14)	(1,430)
Transfer from assets held for sale (note 14)	19
As at 31 December 2019	<u>28,916</u>
Net book value	
As at 31 December 2019	<u>1,026,745</u>
As at 31 December 2018	<u>1,098,291</u>

All assets are leased out under operating leases, with the exception of a small number of properties currently vacant.

Right Of Use (ROU) assets

	2019 £000	2018 £000
Land and buildings	<u>12,036</u>	-
Carrying amount ROU assets as at 31 December 2019	<u>12,036</u>	<u>-</u>

	2019 £000	2018 £000
Depreciation		
Land and buildings	<u>(540)</u>	-
Depreciation and impairments for ROU assets as at 31 December 2019	<u>(540)</u>	<u>-</u>

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****13. INVESTMENTS**

	Shares in subsidiary undertakings £000
Cost:	
As at 31 December 2019 and 31 December 2018	<u>84,200</u>
Impairment:	
As at 31 December 2019 and 31 December 2018	<u>84,200</u>
Net book value:	
As at 31 December 2019 and 31 December 2018	<u>-</u>

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
Marr Holdings Limited	Dormant
Marr Taverns Limited	Dormant
Scorpio Inns Limited*	Dormant
Sycamore Taverns 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 2019****13. INVESTMENTS (CONTINUED)**

The company had a 100% indirect interest in the below 6 subsidiary companies, which were voluntarily struck off in October 2019:

- Ma Pardoe's Steak and Ale Houses Ltd
- Marr Trustees Ltd
- Poacher Inns Ltd
- Revival Inns Ltd
- Sycamore Taverns (Management) Ltd
- Sycamore Taverns Trust Company Ltd

*Denotes a subsidiary the company has a 100% indirect interest in, which was voluntarily struck off in September 2020.

14. ASSETS HELD FOR SALE

	£000
Cost or valuation	
As at 1 January 2019	-
Disposals	(68,163)
Transfer from tangible assets (note 12)	72,775
Transfer to tangible assets (note 12)	(521)
Transfer from intangible assets (note 11)	2,295
As at 31 December 2019	<u>6,386</u>
Amortisation	
As at 1 January 2019	-
Disposals	(1,277)
Transfer from tangible assets (note 12)	1,430
Transfer to tangible assets (note 12)	(19)
Transfer from intangible assets (note 11)	88
As at 31 December 2019	<u>222</u>
Net book value	
As at 31 December 2019	<u>6,164</u>
As at 31 December 2018	<u>-</u>

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****15. DEBTORS**

	2019	2018
	£000	£000
Amounts due after more than one year		
Deferred tax asset	35,688	3,797
Finance lease receivables	3,624	-
	<u>39,312</u>	<u>3,797</u>
	2019	2018
	£000	£000
Amounts due within one year		
Trade debtors	13,874	13,265
Amounts owed by group undertakings	465,433	450,646
Short term lease receivable	473	-
Other debtors	459	1,335
Prepayments and accrued income	104	461
	<u>480,343</u>	<u>465,707</u>

Amounts owed by group undertakings are unsecured and repayable on demand. Balances considered to be of a funding nature accrue interest at 0.65% (2018:0.75%) plus LIBOR per annum. Whereas no interest is charged on balances considered of a trading nature.

Leased assets were fully sublet throughout the year and on transition to IFRS16 a finance lease receivable was recognised for future rents receivable. The average outstanding term of the lease receivables, including the long term and short-term portion of lease receivables is 7 years (2018: nil). No new lease arrangements were entered into during 2019.

Finance Lease Receivables

The company entered into finance lease arrangements as a lessor of public houses. The average outstanding term of the finance lease receivables, including the short term portion of lease receivables, is 7 years (2018: nil). The company is not exposed to foreign currency risk as a result of the lease arrangements as all leases are dominated in functional currency. Residual value risk on property under lease is not significant due to the existence of a secondary market on rental property.

The average effective interest rate contracted approximates 3.17%.

None of the finance lease receivable is past due at the reporting date. Taking into account the historical default experience and the future prospects of the pub industry in which the lessees operate, together with the value of collateral held over these finance lease receivables, the directors of the company consider that no finance lease receivable is impaired.

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****15. DEBTORS (CONTINUED)****Finance Lease Receivables (continued)**

Finance income on the present value of the lease receivable is included within 'Interest on lease receivables' as disclosed in Note 8.

	2019 £000	2018 £000
Amounts receivables under finance lease		
Less than 1 year	583	-
Between 1 and 5 years	2,251	-
Greater than 5 years	1,802	-
Undiscounted lease payments	4,636	-
Less unearned finance income	539	-
Present value of lease payments receivables	4,097	-

Undiscounted lease payments analysed as:

	2019 £000	2018 £000
Recoverable after 12 months	4,053	-
Recoverable within 12 months	583	-

Present value of lease payments receivable analysed as:

	2019 £000	2018 £000
Recoverable after 12 months	3,624	-
Recoverable within 12 months	473	-

16. CASH AND BANK

	2019 £000	2018 £000
Cash and bank	2,394	1,193
	2,394	1,193

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****17. CREDITORS**

	2019	2018
	£000	£000
Amounts falling due within one year		
Trade creditors	3,296	1,345
Amounts owed to group undertakings	883,700	979,036
Other creditors	7,797	12,103
Accruals and deferred income	3,373	4,068
Deferred tax liabilities	42,544	
Social securities and other taxes	17,817	15,624
Lease liabilities	974	-
	959,501	1,012,176
	2019	2018
	£000	£000
Amounts falling due after more than one year		
Lease liabilities	14,310	-
	14,310	-

Amounts owed to group undertakings are unsecured and repayable on demand. Balances considered to be of a funding nature accrue interest at 0.65% (2018: 0.75%) plus LIBOR per annum. Whereas no interest is charged on balances considered of a trading nature.

Analysis of maturity of lease liabilities:

	Carrying amount	Contractual cash flows	Less than 1 year	1 – 5 years	More than 5 years
	£000	£000	£000	£000	£000
Lease liabilities	15,284	24,872	974	3,481	10,829
Total 2019	15,284	24,872	974	3,481	10,829

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****18. DEFERRED TAXATION**

	Deferred tax £000
At 1 January 2019	3,796
Charged to the profit or loss	(10,221)
Changes in accounting policy (IFRS 16)	(203)
Adjustment in respect of prior years	(228)
At 31 December 2019	<u>(6,856)</u>

In respect of prior year:

	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>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(42,544)	(38,794)
Trading losses	5,520	7,097
Other timing differences	30,168	35,493
	<u>(6,856)</u>	<u>3,796</u>

19. PROVISIONS FOR LIABILITIES

	Onerous leases £000	Insurance claims £000	Other Provision £000	Total £000
As at 1 January 2019	1,486	543	586	2,615
Effects due to change in accounting policy IFRS 16	(1,197)	-	-	(1,197)
Provision created	865	1,730	-	2,595
Provision released	(163)	(932)	-	(1,095)
Provision utilised	-	(918)	-	(918)
At 31 December 2019	<u>991</u>	<u>423</u>	<u>586</u>	<u>2,000</u>

PUNCH PARTNERSHIPS (PTL) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****20. CALLED-UP SHARE CAPITAL**

	2019	2018
	£000	£000
Authorised, allotted, called up and fully paid 1,001,403 (2018: 1,001,403) Ordinary shares of £1 (2018: £1) each	1,001	1,001

21. RESERVES**Profit and loss account**

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

Share premium account

The share premium account represents the amounts subscribed for share capital in excess of the nominal value.

22. OPERATING LEASE RECEIVABLES

As per introduction of IFRS 16 finance lease receivables are reported under Debtors (note 15).

Operating lease arrangements in which the Company is the lessor, relates to property owned and leased by the Company and income is received through the statement of comprehensive income. Operating lease terms range from lease terms of 1 month to 15 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At 31 December 2019 the Company had future minimum lease income under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Not later than 1 year*	39,488	42,008
Later than 1 year and not later than 5 years*	106,709	120,420
Later than 5 years*	323,668	556,689
TOTAL	469,865	719,117

* The comparative information has not been restated as a result of initial application of IFRS 16 as discussed in note 2.

PUNCH PARTNERSHIPS (PTL) LIMITED

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

23. 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 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.

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.

24. POST BALANCE SHEET EVENTS

As noted in the Directors' Report on pages 4 the circumstances resulting from COVID-19 created an unprecedented level of uncertainty. Our Strategic 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.